

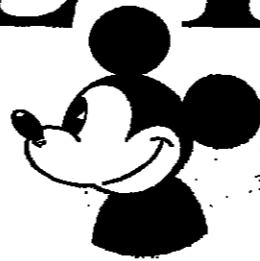
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FINANCIAL TIMES

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Face recognition
Seeing through disguises
Technology, Page 10

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It doesn't work
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LA's Getty Center
Competing with Mickey Mouse
Page 4

Value creation
Spotting the winners
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World Business Newspaper TUESDAY MAY 14 1996

French state to sell further 6% of its Renault stake

The French state is to sell a further 6 per cent of Renault, taking its stake in Europe's third-largest carmaker to below 50 per cent. The symbolic and unexpected move confirms an acceleration in the country's privatisation programme. The announcement emphasised that the sale was only a first step preceding a wider placing, allowing the company "the same capacity for strategic manoeuvre" as its rivals. However, analysts suggested the decision to sell only 6 per cent represented a tacit admission that a wider placing would be difficult in the short term. Page 16; Peugeot signals expansion, Page 8; Stance toughened on Valeo, Page 17

Germans start 'warning' strikes: German postal workers stopped sorting letters and waste collectors left rubbish untouched in "warning" protests against a plan to freeze public sector wages. Unions threatened more action this week. Page 2

37,000 walk out in Norway: Nearly 37,000 Norwegian mechanical engineering workers went on their first strike for 73 years in a dispute that will affect subcontractors who produce components for European car manufacturers. Page 5

Spain to offer 10% of Repsol: The Spanish government is to sell its 10 per cent stake in Repsol, the energy, gas and chemicals group, at the earliest opportunity. Page 15; Repsol boosts profits, Page 16

Bulgaria shuts 67 companies: The Bulgarian government decided to close 67 loss-making companies with the loss of around 29,000 jobs, following a collapse of confidence in the country's currency. More jobs are to go when other state companies are restructured. Page 14; Biting the bullet, Page 2

Compensation for EU beef farmers urged: The European Union's agriculture commissioner Franz Fischler is to propose that the EU pay its farmers Ecu50m (\$80m) in compensation for the drop in beef prices since the start of the crisis over BSE - or mad cow disease. Page 8

Up to eight dead on Everest: Climbers from three expeditions were feared dead in treacherous weather on Everest. Four were from a New Zealand expedition struck by a blizzard. Three Indian climbers and one from a Taiwanese group are also believed to have died.

Japanese invest in Hollywood: Marubeni, the Japanese trading company, and Toho, the largest Japanese film producer which makes the Japanese series of Godzilla films, announced plans to invest up to ¥13bn (\$123.8m) in films produced by the Paramount movie studio. Page 15

Mayhew steps up pressure for ceasefire
Sir Patrick Mayhew (left), the UK Northern Ireland secretary, stepped up pressure on the IRA to restore its terrorism ceasefire as London considered a plan for a group of churchmen and lawyers to defuse sectarian tensions during this year's marching season in Ulster. Sir Patrick is also seen likely to announce that former US senator George Mitchell will chair potentially the most important negotiations on the province's future - those dealing with Dublin's role in Northern Ireland's affairs. Page 14

Japan's current account surplus shrank by nearly a quarter in the fiscal year to March, but the rate of decline slowed significantly. Page 6

Smog fight moves to LA gardens: The fight against pollution in Los Angeles moved to the garden as retailers were offered "smog credits" for any petrol-powered lawnmower or leaf blower they scrapped. Page 14; Diesel limits exceeded, Page 8

50 feared drowned in Pakistan: About 50 people were feared drowned when a bus fell from a bridge into an irrigation canal in the southern Pakistani province of Sindh, the state radio reported.

Beijing talks seek to avert trade war: US assistant trade negotiator Sandy Sands began talks aimed at averting a trade war over alleged Chinese abuses of intellectual copyright agreements. Page 5

T&N hit by asbestos appeals: T&N, the UK engineering group, admitted that attempts to cap its asbestos liabilities had suffered a setback in the US courts. Page 15

Selection of HK chief faces delay: A senior Chinese official suggested the selection of Hong Kong's first chief executive, the head of the post-colonial administration after next year's handover to China, could be delayed by several months. Page 6

Financial market indices table including NYSE, FTSE 100, DAX, and other regional indices.

Missile merger will create Europe's largest guided weapons company

Matra and BAe agree £1bn joint arms venture

By David Buchan in Paris and Bernard Gray in London

British Aerospace and Matra, the French defence group, yesterday merged their missile businesses in a deal to create a £1bn (\$1.52bn) joint venture which will be Europe's largest guided weapons company. At the same time Mr Jean-Luc Lagardère, chairman of Matra's parent company, said BAe would join Lagardère group in its bid to buy the Thomson-CSF defence electronics business, due to be privatised by the French government later this year.

Lagardère also hinted that other companies, including General Electric Company of the UK and Daimler Benz of Germany were ready to join it in bidding for Thomson-CSF.

In a separate move yesterday, the French government unveiled a six-year defence programme designed to scrap conscription and give France smaller but fully-professional armed forces.

The programme will involve expenditure of FF7516bn (\$100.28bn) on defence equipment in 1997-2002, much less than proposed in the previous multi-year plan, and will result in cuts



French defence minister Charles Millon talks to the press after the French cabinet approved president Jacques Chirac's plan to create smaller, fully professional armed forces by 2002

or delays in some projects. Lagardère announced the conclusion of more than three years of negotiations to create a new Franco-British company to be called Matra BAe Dynamics. With 6,000 employees and a £1bn turnover, the company will have a British chairman - Mr John Weston, the current head of BAe Dynamics - and a French chief executive.

BAe is to pay Lagardère between £50m and £110m to compensate the French company for its smaller order book. Each company will have a 50 per cent shareholding in the new venture. Lagardère said BAe had agreed to join its consortium to bid for Thomson-CSF, the defence electronics arm of the Thomson group. Mr Noel Forgeard, head of Matra Defence, went further at a Paris press conference to claim that Lord Weinstock of GEC had indicated he was ready "financially and industrially" to join in the Matra bid for Thomson.

Apple to halve PC models in bid to halt sales slide

By Louise Kehoe in San Jose

Apple Computer, the troubled personal computer industry pioneer, will halve the number of models it offers as part of a restructuring programme aimed at returning to profit.

Mr Gil Amelio, who took over as chairman three months ago after Mr Michael Spindler was ousted, said that Apple had to "get back to work". "Apple is at a crossroads. We can return to prosperity or begin a long slow decline into irrelevance. The difference will depend on how well the organisation comes together behind united goals." Mr Amelio, former chief executive of National Semiconductor, said.

The group last month reported a \$740m loss in its second quarter to March 29, on sales down 18 per cent to \$2.2bn. Last week, it notified retailers of flaws in several of its top selling models and offered to repair tens of thousands of computers free of charge and replace others.

Apple's organisation had been "too fuzzy", Mr Amelio said. He intends to create four hardware divisions - each responsible for its own financial performance - and software, service and Internet divisions.

A new division would be dedicated to "building bridges" between Apple's Macintosh and other types of computers. Apple would halve the number of Macintosh models it offers, to about 40, over the next year. Six versions of the Macintosh software operating system will be consolidated into one.

The most radical change, already indicated, would see Apple "aggressively license" Macintosh software to other computer manufacturers.

Mr Amelio said Apple was working with International Business Machines on the development of a Macintosh compatible laptop computer.

This could represent a breakthrough in Apple's efforts to persuade leading PC manufacturers to adopt Macintosh software. He acknowledged that Apple needed the continued support of software

Continued on Page 14

Ministers back plan for Airbus restructuring

European aircraft consortium to become single corporate entity and broaden its product range

By Frederick Stüdemann in Berlin

Ministers from Germany, France, Spain and the UK yesterday approved a controversial plan to turn Airbus Industrie, the European aircraft consortium, into a single corporate entity. Mr Norbert Lammert, state secretary in the German economics ministry, said the proposed change to the corporate structure "must take place as quickly as possible". However, he said the final form of the company was still to be resolved.

Airbus now shares out work proportionally among its four shareholders - Daimler-Benz Aerospace (Dasa) of Germany, Aérospatiale of France, Casa of Spain and British Aerospace. This arrangement has led to the company being less cost efficient than Boeing of the US. The decision, announced at an international air show in Berlin, clears the way for Airbus to become more competitive and broaden its range, officials said. The UK has been the strongest advocate of turning Airbus, the world's second largest aircraft maker, into a limited company. Mr Tim Eggar, the British industry minister, said: "There is a common recognition of the need to reduce the cost base for the company." A single company, he said, would be able to raise debt and, possibly, equity.

Mr Lammert, who chaired yesterday's meeting, said a restructuring would enable Airbus to expand its product range, most notably into the area of so-called super-jumbos capable of carrying more than 500 people. Airbus is studying plans to build a 550-seat aircraft, the A3XX, to challenge Boeing's dominance of the large aircraft market. It is now up to the companies involved to produce plans for a restructuring, the ministers said. Such a decision is expected next month when an Airbus Industrie committee headed by Mr Edzard Reuter, former chairman of Daimler-Benz and head of the Airbus supervisory committee,

Irish auditors win right to challenge 300 accountants

By Jim Kelly in London

Auditors in Ireland yesterday won a judicial review of a government decision to let a previously unregistered body of 300 accountants carry out company audits. Lawyers for leading accountancy bodies told the High Court in Dublin that the tiny Institute of Incorporated Public Accountants could not regulate its members properly as its last published accounts showed assets of only £196 (\$297).

The action, by Ireland's four leading accountancy bodies who represent 15,000 qualified professionals, followed a decision by Mr Pat Rabbitte, minister for commerce and technology, to grant audit registration status to the IIPA. The government's response will be closely watched by accountants throughout Europe, who could face extra competition from the body. Leading accountants say the newly registered auditors could practise elsewhere in the EU if they passed national "top up" examinations.

The registration allows IIPA members to do audit work for the first time. Accountants do not have to be qualified to practise, but auditors must be certified by a registered body before they can sign off a company's accounts. Mr Niall Deasy, president of the Institute of Chartered Accountants in Ireland, told members in a letter that he was "astounded" by Mr Rabbitte's decision, which had been "made without any prior consultation."

Mr Brendan Dennehy, vice-president of the IIPA, described the attitude of the chartered body as "nothing short of arrogance and pomposity. It's a cartel situation. It's the old boys club." "As far as regulation goes we were among the first bodies in Ireland to bring in outside people to our disciplinary committees," added Mr Dennehy,

OMEGA advertisement featuring a watch and the text: "New Constellation Self-winding chronometer", "ERNIE ELS' CHOICE", "Ernie Els is one of the top young talents in today's game thanks to the skill of his technique and the regularity of his swing. Qualities he finds in his Omega, whether on the golf course or in his daily life. Trust your judgement, trust Omega - Ernie Els."

NEWS: EUROPE

Chirac aims to create professional, more cost-efficient model armed forces
French cabinet approves defence cuts

By David Buchan in Paris

The French cabinet yesterday approved and sent to parliament President Jacques Chirac's plan to create smaller, fully professional armed forces by the year 2002, using more cost-efficient weaponry.

substantially achieved by 2002, the end of his current presidential term. The 1997-2002 plan caps annual spending at FF105bn (\$16.5bn) in 1995 francs, with an annual limit of FF100bn on equipment spending.

giving the Franco-German Eurocopter company the green light to start Tiger production would be signed this year, so there need be no delay in Tigris reaching the German army.

French defence cuts: what they mean for the next century

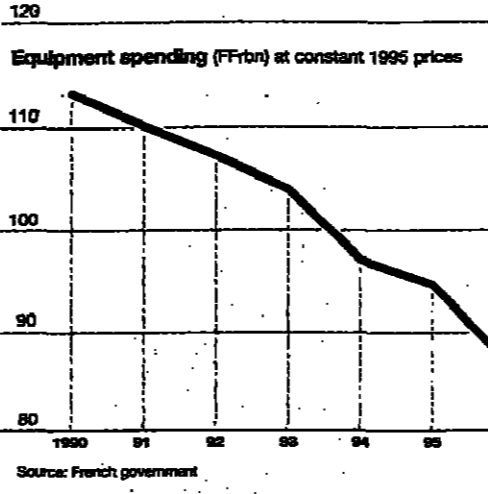
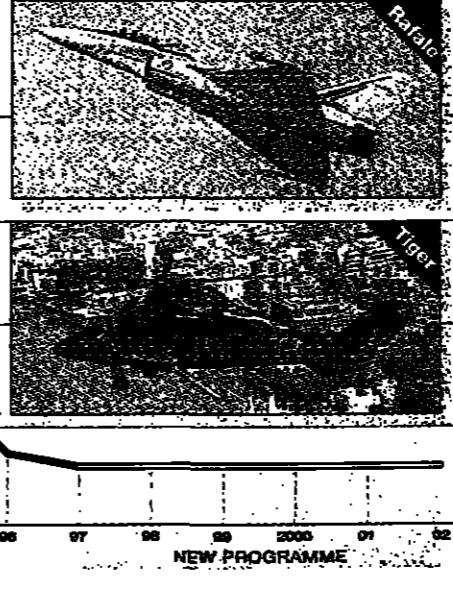


Table titled 'The equipment' comparing 1995 and 2002 figures for Army, Navy, and Air Force across various categories like heavy tanks, helicopters, and combat aircraft.



EUROPEAN NEWS DIGEST

German unions in strike move

Warning strikes broke out across Germany yesterday as postal workers stopped sorting letters and waste collectors left rubbish untouched in protest against the attempt by the government and public sector employers to freeze wages and cut social security benefits.

Chirac looks for stronger UK links

By David Buchan in Paris

President Jacques Chirac wants to forge stronger ties with Britain, believing there is nothing in the nature of France's relations with the UK that makes it necessarily less special than its relationship with Germany.

needed to forge a special relationship with Germany, Mr Chirac said. There was almost an obligation on every Franco-German summit to produce positive results.

He expressed appreciation of British public support for his controversial nuclear tests. The UK and France have for several years held a shadowy dialogue on nuclear weapons doctrine.

Battle of baguette pits bakers against big battalions

By Andrew Jack in Paris

The French prime minister, Mr Alain Juppé, yesterday kicked off a three-day national celebration of his country's bread, in an initiative designed to support the work of traditional bakers in the face of growing competition from factory-produced baguettes.

Bulgaria forced to bite bullet over reforms

The moment of reckoning has arrived for Bulgaria. The huge losses run up by state companies and the virtual collapse of the banking system are finally pushing the Socialist government into beginning the painful reforms that have been avoided ever since the collapse of communism.

Collapsing currency and massive losses run up by state companies have forced the government's hand at last, writes Kevin Done in London

reach even a 4 per cent capital adequacy level, with western banks regarding 8 per cent as the minimum needed". In the words of one observer. "The Gordian knot that must be severed is the link between this mountain of bad debt and the losses that are still being run up by the beleaguered state-sector enterprises.

Greece avoids EU clash over aid to Turkey

By Bruce Clark in Brussels

Greece stepped back from a bitter confrontation with its European Union partners yesterday by agreeing that an aid programme for 12 Mediterranean countries, including Turkey, should be referred to the European parliament.

European Union foreign ministers yesterday gave a cautious welcome to the latest moves by Switzerland in its negotiations on a new relationship with the EU, but said some important hurdles remained to be cleared, writes Bruce Clark.

No extradition for Dassault

The French government will respond to requests for information from the Belgian judicial authorities on Mr Serge Dassault, the chairman of Dassault Aviation, but will not extradite him, a government spokesman said yesterday.

Basque party faces prosecution

Spain's director of public prosecutions is looking into action against the Basque political party Herri Batasuna (Popular Unity), which is linked to the illegal Eta organisation. The move follows publication of an internal party document calling on Eta to use "the most potent means" to back its demands and rejecting the idea of a truce until the government sat down to negotiate.

Yugoslav bank chief defiant

Mr Dragoslav Avramovic, governor of the Yugoslav central bank, attacked the government's privatisation law yesterday, and demanded to be put back in charge of talks with the International Monetary Fund. In a speech to 2,000 factory workers demonstrating in Belgrade for jobs, he warned that government pressure on the bank to print money threatened Yugoslavia - now comprising Serbia and Montenegro - with inflationary "catastrophe within two weeks".

Moldova gets tough over taxes

Moldova may seize the property of citizens failing to pay their taxes on time under a new law to counter tax evasion, the finance ministry said. Like many former Soviet republics, Moldova is suffering from a failure to receive a large part of budgeted taxes. The finance ministry said at the weekend its tax inspectors would now get tough with people owing money to the government under a law which came into force last Wednesday.

THE FINANCIAL TIMES Published by The Financial Times (Europe) GmbH, Neherstrasse 7, 69126 Heidelberg, Germany. Telephone +49 6223 180. Fax +49 6223 180 4481. Registered in Frankfurt by J. Walter Bannert, Deutscher Anzeigen- und Verlags-Schutzverein, in London by David C.M. Bell, Chairman, and Alan C. Meyer, Deputy Chairman. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London.

Responsible for Advertising: Colin A. Kenward, Printer: Hirtzel International Verlagsgesellschaft mbH, Adminal-Rosenstraße 3a, 63263 Neu Isenburg, Germany (0174 7963). Responsible Editor: Richard Lambart, do The Financial Times Limited, Number One Southway Bridge, London SE1 9HL.

Responsible for Advertising: High Carnage 468 618 4622. Printer: AB Express, PO Box 8007, S-550 06, Jönköping.

The Financial Times Limited 1996. Editor: Richard Lambart. No 10000000. Printed in Great Britain by The Financial Times Limited, Number One Southway Bridge, London SE1 9HL.

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NEWS: ASIA-PACIFIC

Japan's current account surplus declines

By William Dawkins in Tokyo

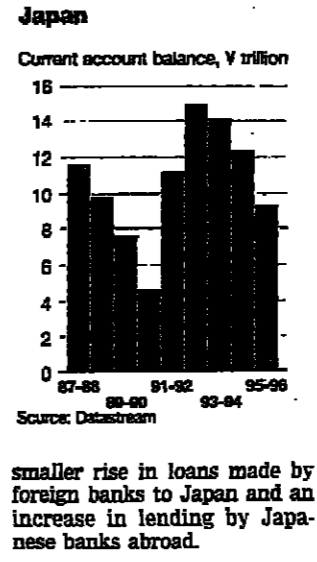
Japan's enhanced appetite for imports caused its current account surplus to contract by nearly a quarter in the fiscal year to March...

imports to Japan more expensive. If the exchange rate holds at this level, around Y105 to the dollar, the rate of improvement in the surplus will continue to slow...

ists, such as Mr Masaru Takagi, chief economist at Fuji Research Institute, argue industrial expatriates have become so numerous that imports will continue to grow regardless of yen weakness.

even after the yen's fall against the dollar since last summer. The surplus in manufactured goods, meanwhile, fell by 17.5 per cent to Y11,629bn, the third year of decline.

of and contributor to the rise in Tokyo share prices. In the final month, March, they bought a net Y1,099bn, the second largest monthly purchase recorded.



smaller rise in loans made by foreign banks to Japan and an increase in lending by Japanese banks abroad.

Sharma faces crucial choice

By Shiraz Sidhva in New Delhi

All eyes are on Indian President Shankar Dayal Sharma. The 77-year-old scholar and veteran of Congress party governments is expected to decide by the weekend which political grouping should be invited to form India's next government...

forced to form coalitions. But the most recent crisis when a president was required to intervene was in the 1989 election, when the Congress party of Mr Rajiv Gandhi emerged as the largest single party but well short of a majority.

only one able to form a coalition capable of governing. Mr Sharma has shown in recent years that he is not content to be a mere rubber-stamp. He is not afraid to take bold steps when they are required, says a senior official in the president's office.



President Shankar Dayal Sharma: faces difficult task, say constitutional experts

Mr K K Venugopal, Supreme Court lawyer and constitutional expert, agrees and adds: "The test is really who is the leader capable of providing a stable government."

Naming of HK chief executive may be delayed

By John Ridding in Hong Kong

The selection of Hong Kong's first chief executive, the head of the post-colonial administration after next year's handover to China, could face a delay of several months, according to comments by a senior Chinese official.

ians from the Commonwealth. In a forceful speech, Mrs Chan said Chinese leaders need to show "more co-operation" over the transition.

Jail escape angers Indonesians

By Manuela Saragosa in Jakarta

The escape from jail of one of Indonesia's most notorious white-collar criminals has outraged Indonesians but surprised few, as details emerged of his break-out and privileged treatment in prison.

yet to find him but police have arrested 10 prison wardens and security guards working at the Jakarta jail where he was being held until his escape just over a week ago.

sector, saddled with high levels of bad debt. Mr Oetoyo Oesman, justice minister, was not informed of Mr Tansil's break-out until three days after it occurred on May 4, too late to warn port and airport authorities.

tions which are plaguing our society. Speculation is rife about whether any officials colluded in Mr Tansil's jailbreak. It is not clear how prison wardens could have acted independently if they released a high-profile inmate whose trial only two years ago was so highly publicised.

We need more co-operation from China's leaders over the transition

has criticised Hong Kong's tycoons for failing to defend the territory's autonomy and institutions. Mrs Chan is widely backed in Hong Kong to take over from Mr Patten as the first chief executive after the handover.

However, most political analysts believe it is more likely that she will remain as chief secretary, the head of the civil service, partly because of her close association with the current administration.

Weary civilians return as the rebuilding of Jaffna begins

Amal Jayasinghe visits the once rebel-run town in northern Sri Lanka

When last year the Tamil Tigers ruled Jaffna, the battle-weary capital of northern Sri Lanka, it was an ever-growing monument to dead rebels while those who survived took credit for running an administration with cash from the very government they fought.



in peace and see that our children go back to school." Teachers, medical staff and other government employees were returning to work and most of the public utilities could be restored early, Mr Pathmanathan said.

Shelter is the main problem at the moment

The LTTE has also admitted in recent statements that they lost territory to the advancing army but say they will keep up a guerrilla war to establish a separate state called Eelam in Sri Lanka's north east.

to the embattled region were taken over by the guerrillas, who sold them. Jaffna's top civil servant, Chelliah Pathmanathan, denies he took orders from the Tiger leadership, although President Chandrika Kumaratunga has often described him as a hostage of the rebels.

"If we have road access to Jaffna, we can turn the place around in two weeks," Mr de Silva said as the government airlifted carpenters and masons to begin urgent repairs to the Jaffna hospital.

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

Table with columns for Country (USA, Japan, France, Italy, UK), Retail Sales, Industrial Production, Unemployment Rate, and Composite Leading Indicator. Includes sub-sections for United States, Japan, France, Italy, and United Kingdom with quarterly and yearly data.

ASIA-PACIFIC NEWS DIGEST New Malaysia futures exchange

Malaysia has signalled its determination to develop as a regional financial hub rivaling Hong Kong and Singapore by granting an operating licence for the country's second financial futures exchange.

The Malaysia Monetary Exchange (MME), which will open later this month, will trade interest rate and currency futures. Its opening has been delayed by several months as officials weighed the broader fall-out of the Barings bank collapse.

Telstra sell-off study starts. A feasibility study into the part-privatisation of Telstra, Australia's biggest telecoms group, has begun, Mr Frank Blount, chief executive, said yesterday.

Court order to Japan sect chief. A Tokyo court yesterday ordered Aum Shuichiyo leader Shoko Asahara (left) to pay nearly Y100m (US\$230m) in damages to the parents of an Aum follower who died during religious training at the sect's facility west of Tokyo.

Handwritten Arabic text at the bottom of the page.

COMPANIES AND FINANCE: EUROPE

Repsol boosts first-quarter profits by 8%

By Tom Burns in Madrid

Repsol, the Spanish oil, gas and chemicals group which is a candidate for full privatisation, lifted its first-quarter net profits after minorities by 8 per cent to Ptas3.4bn (\$277.9m), in line with estimates.

across the board, were offset by increased Brent crude oil prices and higher international refining margins.

The three-month result follows significant changes in Repsol's shareholding structure, and comes at a time of considerable speculation over a top-level shake-up for the group following the formation of a new centre-right government.

Sharply depressed income from its chemical division, and the strength of the peseta, which hit the group's activities

of successful disposals of government-held equity in the group, was appointed by the previous Socialist party administration. He could now be forced to stand down in favour of a new chief executive nominated by the ruling Popular party.

Although Mr Panjul has consistently advocated the sell-off of state-held equity - Sepi, the industry ministry's holding company, in February reduced its 21 per cent stake in Repsol to 10 per cent - the new government is likely to seek some-

body associated with the Popular party to complete the privatisation process.

The possible changeover is viewed with some trepidation by analysts, who have admired Mr Panjul's management style and the strategy he has mapped out. They say Mr Panjul's removal could unsettle shareholders, such as US pension funds which together own 25 per cent of Repsol, and temporarily damage Repsol's share price.

Mr Panjul appears to have the support of a hard core of

shareholders in the group formed by Banco Bilbao Vizcaya, the domestic banking group, Pemex, the Mexican oil group, and La Caixa, the dominant domestic savings bank. In the past two months La Caixa has spent some Ptas67bn on 5 per cent of Repsol, a similar stake to those held by BBV and by Pemex.

The government, however, remains the biggest individual shareholder though the 10 per cent owned by Sepi, and it continues to have the final word on who runs Repsol.

NEWS DIGEST

Skandia registers strong growth

Skandia, Sweden's biggest insurance group, more than doubled first-quarter profits, from SKr1.7bn a year ago to SKr3.5bn (\$51.6m). The increase was driven by improvements in life insurance and savings-linked operations. Mr Björn Wolrath, chief executive, said there had been a strong improvement in business in the UK and US compared with the same stage last year.

Non-life insurance and reinsurance premium income fell from SKr5bn to SKr7bn because of a US divestment and currency changes. Life and savings-linked premium income, however, jumped from SKr6.4bn to SKr7.7bn, to raise total premium income from SKr14.4bn to SKr14.7bn.

Hugh Carnegie, Stockholm

Allergan merger talks dropped

Talks on a \$2.5bn merger between Pharmacia & Upjohn and Allergan, the Californian eye and skin care products company, have been abandoned. Allergan said the talks had involved a possible share-for-share merger with a "pooling of interest" accounting treatment. It said the pooling treatment was "not feasible to Allergan", without elaborating.

Pharmacia & Upjohn, which refused to comment on the ending of talks, was formed in 1995 by a friendly merger of its Swedish and US parents. Mr John Zabriske, chief executive, has said that one of the advantages of the friendly merger was that the new company had not been saddled with debt and was therefore free to make acquisitions. But the company is in effect prevented from making significant disposals because of tax charges that would be triggered: the structure of the friendly merger avoided incurring goodwill and tax charges.

Daniel Green

Tryg-Baltica to raise Dkr2.5bn

Tryg-Baltica, which became Denmark's largest insurance company last year after acquiring most of the non-life assets of the Baltica group, is to sell 4m shares, about 20 per cent of its share capital. The shares, with a face value of Dkr20 each, will be offered for sale through the book-building method with an indicative price of Dkr265-Dkr300 which could raise up to Dkr2.5bn (\$425m). The offer will be open from May 20 to June 3.

Hilary Barnes, Copenhagen

Rain helps Spain's Iberdrola

Abundant rainfall helped Iberdrola, Spain's leading private-sector electricity utility, achieve a 14 per cent rise in first-quarter consolidated net profit to Ptas4.01bn (\$277m). The gain was partly due to a shift to cheap hydroelectric production, which rose 146 per cent on the same quarter last year, when Spain was still in the throes of a five-year drought. Group turnover rose 2 per cent to Ptas18.05bn.

The profit rise also reflected lower debt-servicing costs, with group debt declining by Ptas12.3bn from the Ptas14.73bn level at the end of last year. Pre-tax earnings were 90 per cent up at Ptas49.92bn, while operating profits were 18 per cent up at Ptas74.79bn.

David White, Madrid

AGF offer oversubscribed

The French ministry of finance indicated yesterday that the 38.6m shares of AGF, the French insurer, offered to investors was 150 per cent subscribed during the first week since the offer opened, with 90 per cent of the allocation taken by foreign institutions. The government has announced approval for the sale of most of its stake, representing 45 per cent of the equity.

Andrew Jack, Paris

Bondi defends Montedison structure

By Andrew Hill in Milan

The chief executive of Montedison yesterday defended the structure of the Italian agribusiness, chemicals and energy group against one important shareholder's proposal that the company should be broken up.

Mr Enrico Bondi, who is also chief executive of Ferruzzi Finanziaria (Ferrin), Montedison's largest shareholder, told a meeting of analysts that the group's structure "represented a well-balanced portfolio and offered numerous possibilities for expansion".

Montedison's shares rose nearly 3.5 per cent yesterday after the publication of leaked

extracts from a letter to Mr Luigi Luchini, Montedison's chairman, from Mr Luca Padulli, an Italian financier who runs Codelouf & Co. Codelouf, a Gibraltar-registered fund, owns about 4 per cent of Montedison.

In the letter, Mr Padulli says a gradual break-up of Montedison into Edison, the quoted energy subsidiary, Eridania Béghin-Say, the Paris-quoted agribusiness group, and Antibiotico, the pharmaceuticals operation, would create more value for shareholders. The remaining chemicals and engineering operations would stay under Montedison's control.

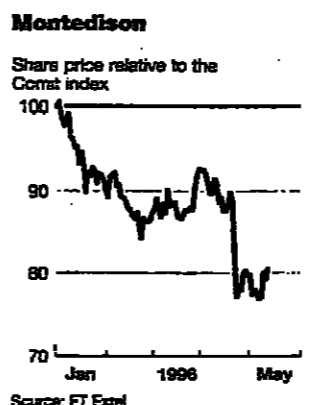
Mr Padulli also criticised the fact that Ferrin owned only 32 per cent of Montedison but

management of the two were almost identical.

Mr Bondi said the decisions of recent Montedison shareholder meetings, and the 1993 restructuring plan aimed at rescuing Ferrin and Montedison from the aftermath of mismanagement and corruption, had gone "in the direction of preserving the existing group structure".

Yesterday's meeting and the Codelouf letter set the scene for what could be a stormy Montedison shareholder assembly on June 12 or 13.

Mr Massimo Fortuzzi, investment manager for Finanza & Futuro, a large Italian fund management group, warned Mr Bondi yesterday that uncertainty about last year's Super-



Source: FT Intel

One key to whether Codelouf's proposal gets any further will be the attitude of Mediobanca, the Milan merchant bank which owns nearly 4 per cent of Montedison and masterminded the SuperGemina plan. Lex. Page 14

Unibank to acquire ABB's stockbroking subsidiary

By Hilary Barnes in Copenhagen

Unibank, the Danish bank, is to acquire ABB Aros, the stockbroking subsidiary of Asea Brown Boveri, the large Swiss-Swedish engineering group, to form a new Nordic investment bank.

Aros has subsidiaries in Sweden, Oslo, Helsinki and New York with a total staff of 104. Unibank plans to merge the Aros units into its own share trading, merger and acquisition and corporate finance operations to form a division with 225 staff.

This will put it in line with some of the other large Nordic broking companies, such as Alfred Berg and Carnegie. "The acquisition of Aros is an important step forward in the development of our Nordic strategy," said Mr Thorvald Krarup, Unibank chief executive.

"It is no secret that we took the initiative for this deal. Aros is the perfect fit for us, with its strength in equities trading in Sweden and Finland, while we are strong in Copenhagen and Oslo," said Mr Krarup. Unibank and ABB have agreed not to disclose any financial details concerning the sale of Aros.

Unibank yesterday announced a series of organisational changes designed to improve head-office efficiency.

One consolidates equities trading and research with equity issues and M&A business, including Aros. The unit will be managed by Mr Peter Lybecker, previously head of Unibank's finance department, and Mr Richard Montgomery, who until now has been business area manager for ABB's stockbroking and investment management activities.

Launch and start-up costs hit earnings at Ford-Werke

Ford-Werke, the German subsidiary of the second biggest US carmaker, has suffered a sharp fall in net profit, to DM270.5m (\$177.4m) in 1995 from DM678.2m a year earlier, reports AFX News from Cologne.

Mr Albert Caspers, chairman, blamed the decline on the cost of the company's product offensive. "In one year, we had to overcome the market launch and start-up costs of the Scorpio, Escort, Fiesta and Galaxy models, as well as the new Zetec-SE generation of engines," Mr Caspers said.

He said although the company largely offset these costs through higher volumes and cost-cutting, it was unable to further compensate for the negative effects of exchange rate fluctuations. In the first four months of 1996, Ford Werke had sales of DM9.4bn, up from

DM8.8bn earlier. Unit sales in the period were 405,000 up 8.2 per cent from 371,000 a year earlier, with exports climbing 10.5 per cent to 260,000 from 226,000. Production slipped 3 per cent to 357,000 units from 388,000.

Ford-Werke said in its annual report that it expected higher sales and output in 1996 compared with 1995, when the it recorded unit sales of 1.04m and output of 988,524 vehicles. Mr Caspers said the company aimed to expand its market share in 1996. "After a promising start to the year, I am confident that we will achieve our 1996 targets," he added.

In the first four months, Ford-Werke raised its domestic car market share to 11.8 per cent from 11.7 per cent a year earlier. In 1995, it boosted domestic market share by 1.1 percentage points to 11.3 per cent.

Table with columns: Price for electricity generated by the purchase of the electricity supply line, and various numerical data points.

SEK AB Svensk Exportkredit. U.S. \$200,000,000 Subordinated Floating Rate Notes due 2002. For the Interest Period 13th May, 1996 to 13th November, 1996, the Notes will carry an Interest Rate of 5.5% per annum.

KfW '95: Positive Promotional Balance. The annual report as well as further information will be sent to you on request. Includes images of industrial and residential buildings.

Performance 1995. 80,000 commitments totalling more than DM 42.7 billion. DM 27.2 billion in investment finance for the German economy, of which DM 16.9 billion was for the eastern Länder. Includes promotional programmes for 1996.

The Management Board of PLIVA d.d. at its meeting held on 9 May 1996 has convened a meeting of the GENERAL ASSEMBLY of PLIVA d.d. to be held at 1 p.m. on 28 June 1996. Includes agenda and draft resolutions.

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COMPANIES AND FINANCE: EUROPE

Peugeot chief toughens stance on Valeo sale

By David Owen and Haig Simonian in Paris

Mr Jacques Calvet, head of France's Peugeot-Citroën car group, yesterday hardened his threat to remove the company's business from Valeo, the French car components group, if it fell into foreign hands.

He said he was "completely decided" that he would not renew parts contracts with Valeo if it was bought by foreigners. "What worries me and other colleagues is to see one of France's big equipment makers pass into US control," he said.

His comments followed a renewed surge in Valeo's share price on the back of reports that two US companies were interested in buying it. The shares closed in Paris at FF291.40, up FF9.80, or 3.5 per cent. This compared with a fall of 0.66 per cent, to 2,100.85, in the benchmark CAC-40 index.

The reports suggested that Mr Carlo De Benedetti - who owns a strategic 27.7 per cent stake in Valeo through Cerus, his French holding company - had been approached by Delphi, the components arm of General Motors, and TRW, the big US aerospace and components group.

Neither company would confirm it was in negotiations

with the Italian industrialist. "There is really nothing we can say," said Ms Frédérique Le Grevès, a Delphi official. TRW said it did not comment on speculation.

Mr Calvet said his views were shared by Mr Louis Schweitzer, chairman of Renault - Peugeot-Citroën's arch rival, and Mr Ferdinand Pisch, head of Germany's Volkswagen. Together the three companies account for more than 40 per cent of Valeo's sales.

"I don't know how you can buy a company in which clients accounting for 40 per cent of the sales say 'we will no longer work with you,'" he said.

Mr Calvet justified his hostility to a US takeover on the grounds this would lead to excessive US influence in the European motor industry.

"The Americans are in the process of taking a dominant position in Europe," he said.

In addition, he said, the relationship between carmakers and their suppliers had become increasingly close. This meant that mutual trust was indispensable. "It is very difficult to trust a company that is owned by a competitor," he said.

Mr Calvet said he wanted to find a French solution to the problem of Valeo's future. There were sure to be potential French buyers, he said.

Amexco and Accor sign pay-card deal

By Andrew Jack in Paris

American Express of the US and Accor, the French-based hotels and leisure group, yesterday signed an agreement covering a co-branded payment card, which will be launched later this year.

The card is the latest in a series of co-operation deals American Express has concluded with other groups. Its largest to date is with Delta Airlines of the US.

Customers in nearly all of Accor's hotel chains - including Motel 6, Novotel, Sofitel and this - as well as its restaurants and other businesses will be able to pay using the card, and earn points towards gifts or travel.

The Accor card will initially be available within France to French citizens from September this year, and subsequently launched in 1997 in Australia, Belgium, the Netherlands, the UK and Germany. Initially, it will simply be a payment card, but the groups are discussing a credit card option.

Speaking at the launch in Paris yesterday, Mr Harvey Golub, chairman of American Express, said: "We were not originally convinced of the idea of co-branding. We now have the belief of the con-

verted." He said co-branded cards helped generate customer loyalty, and that card-holding clients had, on average, doubled annual expenditure with its partners in the US. The group began offering rewards on its cards in the US in 1989.

Mr Paul Dubrule, joint chairman of Accor, said his group had long been searching for a way to associate more closely its individual branded businesses and the Accor group, to make the holding company name "something other than just a share on the stock market".

Mr Golub refused to specify the nature of the financial relationship between American Express and Accor, but said it "represents an appropriate balance of value" for the two groups.

He said his group planned to sign co-branding deals with other business partners, and did not rule out similar accords with rival hotel groups in different countries and time zones.

One Accor subsidiary, Carlson Wagonlit, a travel agency, will be excluded from the co-branding agreement. It has a partnership with Household, a US consumer credit company, which is affiliated with Mastercard.

BBV sets expansion sights on Mexico

By Tom Burns in Madrid

Banco Bilbao Vizcaya is preparing to concentrate its Latin American investment drive on Mexico after establishing a solid base in Peru, officials of the Spanish bank said in Madrid yesterday.

Mexico, where BBV controls Probrusa, the country's twelfth-largest banking concern, will be the chief target of funds totalling \$2bn over the next four years that BBV has earmarked for Latin America.

BBV followed up its \$111m purchase of Banco Continental in Peru last year with a \$350m investment in Probrusa, raising its stake from 20 per cent to 70 per cent. The \$2bn set aside by BBV for Latin America suggests that similar acquisitions are in the pipeline.

BBV is Spain's biggest financial institution in terms of stock market capitalisation, and its bullishness over Latin America is fuelled by the contributions that both Continental and Probrusa made to the impressive consolidated first-quarter profits it posted last month.

It raised its consolidated net profits by 19.3 per cent to \$157.5m against the first three months of 1995, and analysts believe BBV now has the balance sheet strength to step up its aggressive strategy in Latin America.

BBV says it is above target in its so-called "1,000-day plan" to achieve double-digit growth in earnings per share and dividends through to 1997.

The chief thrust of its plans for Mexico is to increase the number of branches that Probrusa operates from 150 to 600 and to double its presence in the country, where Probrusa accounts for 3 per cent of the financial system. The expansion is likely to be through the acquisition of a Mexican bank network and its subsequent merger with Probrusa.

BBV is also studying Chile, where it has only a token presence. Banco Santander, which has also invested strongly in Peru and Mexico and is BBV's main rival in domestic Spanish banking, last month spent \$495m in a deal that brought it control of Banco Osorno, Chile's biggest financial institution.

• First-quarter group net profit of Cia Española de Petroleos (Cepsa), Spain's largest private oil refiner, fell 8.5 per cent to Pta4.62bn (\$36m) from Pta5.05bn in the same period in 1995, AP-DJ reports from Madrid.

Cepsa blamed the surging price of crude oil and government limits on the sale price of petroleum products in Spain for squeezing profits.

The group said the increase in international petroleum prices, which has seen Brent crude oil reach about \$23 a barrel, had not been reflected in the domestic market because of government restrictions on the maximum retail prices of petrol.

Spanish banks shake up Peruvian conquests

BBV and Santander have put their stamp on local acquisitions, writes Sally Bowen

Peru has become the latest battleground for Spain's two heavyweight banks, Santander and Banco Bilbao Vizcaya. Both have bought into the local system during the past year, and are shaking up Peru's staid financial market as they vie for well-heeled clients.

Suddenly, Lima's marble banking halls have been transformed in the race to win deposits. Shiny new cars tied up with ribbons wait to be raffled and colourful posters advertise Caribbean holidays to be won.

BBV, in association with Peru's Bresca group, acquired the former state-owned Banco Continental at auction in April 1995. Results so far from its widely-publicised "Superdeposito" scheme are impressive. Continental, ranked third among Peru's 23 banks, claims it has won 50,000 new clients since the start of the year. Deposits average 2 1/2 times the \$2,500 minimum required for the Superdeposito scheme's 8 per cent a year in dollars, or 15 per cent in Peruvian soles.

"The Superdeposito has been our chief engine of growth," says Mr José Carlos Pla, general manager in Peru for Banco Continental. By the end of the first quarter, deposits stood at 4.3bn soles (\$1.8bn), boosting Continental's market share to 16 per cent, from 15 per cent in January.

New clients are from upper income groups. Deposits are coming both from reverse capital flight (interest rates are better than well-to-do Peruvians can get in Miami) and from "under the mattress" bank officials say.

As Spain's leading retail bank, BBV believes it has a lot to offer the relatively unsophis-

ticated Peruvian market. Its large 1995 profits - around \$1.3bn net - "gave us an obvious capacity to take up new investments", Mr Pla says.

Together with its local partners, BBV offered \$167m cash plus \$60m in debt paper for Continental, easily outbidding rival Santander. Although the state-owned Peruvian group had been slimmed down before privatisation, the new owners spent most of 1995 in comprehensive reorganisation.

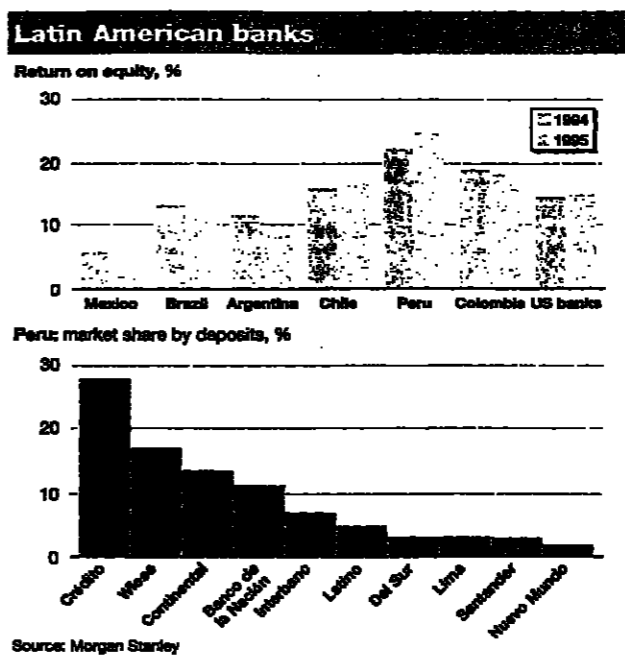
This year, they will invest \$26m in state-of-the-art technology, remodelling offices and launching a new corporate image.

"We haven't spent so much when you compare it with what another bank recently paid to enter the Chilean market," says Mr Pla in a thinly-veiled reference to the \$495m Banco Santander spent last month to merge with Banco Osorno of Chile, a deal that created Chile's largest financial institution.

Having been outbid for Continental, Banco Santander entered Peru by an alternative route.

Late last year it paid almost \$90m for two medium-sized local banks, Mercantil and Interandino, merging the two under the name Banco Santander del Peru on February 1. The parent bank has subscribed to a \$68m capital increase, giving "plenty of room to grow this year", says Mr Oscar von Chrismar, general manager for Peru.

Acquiring Interandino (formerly the Bank of America's Peru branch) immediately gave Santander a portfolio of leading corporate clients. The bank's strategy for this first year is to "get the house in order, establish a good team



pushed growth rates down to zero, while inflation is running slightly above 1995's single-digit target.

But both Mr Pla and Mr von Chrismar regard the setback as temporary. "In general, the Peruvian economy is very healthy. Earlier growth levels were unsustainable and this is just a necessary pause," Mr von Chrismar says. "There remains a great deal of foreign interest in Peru."

If they expect the economy as a whole to expand by only around 3.5 per cent this year, the following four years should see sustained expansion of 5 to 6 per cent a year, they say. The financial services sector is still heavily underbanked.

Both expected to be well-positioned to take advantage of the acceleration in growth.

Santander recently acquired a 76 per cent stake in Nueva Vida, one of Peru's six private pension fund administrators (AFPs) for \$12.5m cash and a \$10m capital increase. Interandino, its highly-regarded stockbroking arm inherited along with Interandino, is now called Santander SAB. In addition, Santander is considering setting up a local mutual fund.

BBV has also established a foothold in the promising private pension fund market with a 13.5 per cent stake in Peru's AFP Horizonta.

It is reorganising its stockbroking arm and has applied for authorisation to set up a mutual fund.

"Peruvian banking has been very passive," BBV's Mr Pla says.

"Competition means banks are now going out to look for clients. Service is still poor, but it is improving."

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COMPANIES AND FINANCE: ASIA-PACIFIC



SGS Société Générale de Surveillance Holding S.A. 8, rue des Alpes - 1211 Genève 1

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING

of the above Company will be held on Wednesday 5th June 1996, at 3 pm at the Noga-Hilton Hotel, Salle Ballroom (mezzanine), 19 quai du Mont-Blanc, Geneva.

Ordinary Agenda:

- 1. Presentation of the Annual Report, the Consolidated Accounts and the Statement of Accounts for the year ended 31st December 1995. Auditors' Report
2. Appropriation of profits.
3. "Décharge" of member of the Board of Directors.
4. Election of Auditors.

ANNUAL REPORT - AUDITORS' REPORTS

The Annual Report, the Consolidated Accounts and the Statement of Accounts for the year ended 31st December 1995 and the Auditors' Reports will be available for inspection at the head office of the Company, from 13th May 1996.

REGISTERED SHAREHOLDERS

Registered shareholders appearing on the register of shares as at 7th May 1996 will receive, directly, a Notice of Meeting. During the period 13th May 1996 to 5th June 1996 no registration in respect of registered shares will be entered on the register of shares.

BEARER SHAREHOLDERS

The holders of bearer shares wishing to participate or be represented at the Meeting may obtain an admission card either by depositing their share certificates at the head office of the Company, or by sending to the Company a statement of deposit and holding duly executed by their bank of deposit.

REPRESENTATION

Shareholders not wishing to take part in the Meeting may be represented by another shareholder (in accordance with the provisions of the Statutes, registered shareholders may only be represented by another registered shareholder in possession of a written proxy) or by their bank of deposit.

Deposit representatives within the meaning of Article 689d CO, are requested to inform the Company as soon as possible, and in any event not later than 5th June 1996 at the entry roster of the Meeting of the number, nature and nominal value of the shares they represent.

MINUTES OF THE MEETING

From the 11th June 1996, the resolutions of the Meeting will be available for inspection by shareholders at the head office of the Company.

The Notice of Annual General Meeting, together with all proposals of the Board of Directors is published in the Swiss Federal Trade Gazette, the official publication body for the Company, on the 14th May 1996.

On behalf of the Board of Directors Elisabeth SALINA-MORINI Chairman

First Pacific Capital Limited advertisement with financial details and contact information for the company.

Citic Pacific Finance Limited advertisement regarding floating rate notes and interest rates.

US\$ 10,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE advertisement.

The Top Opportunities Section advertisement for senior management positions.

Mergers & Acquisitions advertisement offering analyst services for financial firms.

Send Your Own Paperclip advertisement for cancer relief funds.

NEWS DIGEST

Sony Music drops 12% to Y20.9bn

The success of Dreams Come True, a highly popular Japanese band, failed to lift the performance of Sony Music Entertainment, the recorded music arm of Sony.

Sony, which markets such overseas artists as Michael Jackson and Mariah Carey, attributed the disappointing performance to a rise in marketing costs and lower interest income.

At the same time, Sony said sales this year were not as strong as in the previous year which had seen a number of special albums commemorating the tenth anniversary of a number of artists, or marking the break-up of others.

Meanwhile, Sony said low interest rates had also hurt its non-operating income. Income from interest and dividends fell by 40 per cent from Y5.2bn to Y3.1bn.

Michigan Nakamoto, Tokyo

Toray buys French film maker Toray Industries, Japan's leading producer of synthetic fibres, said yesterday it had become the world's largest producer of polyester film.

Thai broker lifts profit 11% Securities One, a leading Thai brokerage, reported first-quarter profits rose 11 per cent compared with the year before.

Indian Aluminium up 24.55% Indian Aluminium, owned 34.6 per cent by Alcan of Canada, posted net profits for the year to March 31 up 24.55 per cent to Rs1,142bn (\$32bn).

CSR's sharp downturn in Australia's housing market left CSR, the building materials, sugar and aluminium group, posting an 18 per cent drop in profits after tax but before abnormal gains in the year to end-March.

Sydney Casino raises A\$64.8m Sydney Harbour Casino, which is operating from temporary facilities on the city's harbourside but is in the process of constructing a A\$900m permanent complex, yesterday raised A\$64.8m (US\$52.1m) in new equity.

Beijing keeps close eye on Hongkong Telecom

By John Riddling in Hong Kong

The Hong Kong arm of China's ministry of post and telecommunications (MPT) said yesterday that it was taking an active interest in developments concerning Hongkong Telecom.

An official at Telco, the Hong Kong-based subsidiary of the MPT, said it was gathering information about Hongkong Telecom and the territory's telecommunication market and studying options for the mainland operator.

The statement, prompted by a report in the Hong Kong Economic Times, comes as speculation mounts that mainland interests will seek to raise their holding in Hongkong Telecom as part of a restructuring.

Expectations have been fuelled by the failure of merger talks between British Telecom, Cable and Wireless, which controls Hongkong Telecom, and by a significant reorganisation of Hong Kong's aviation sector at the end of last month.

Attention has focused on the MPT and Citic Pacific, the Hong Kong arm of Beijing's flagship investment vehicle which already holds 10 per cent of Hongkong Telecom.

"Hongkong Telecom has a capitalisation of around US\$300bn, so a meaningful slice would prove very expensive," said Mr Dylan Tinker, telecoms analyst at Jardine Fleming in Hong Kong.

Hong Kong. One possible outcome, cited by some in the industry, would be a consortium grouping BT or other international telecom operators with a Chinese partner.

The acquisition of a stake by mainland interests would support Hongkong Telecom's attempts to expand in China.

The profitability of Hongkong Telecom will be illustrated today with the announcement of results for the year to the end of March.

Investors' attention will centre on the trend in volume and line growth, both of which were sluggish in the first half of the financial year.

Singapore Airlines up 11.7% despite core business setback

By James Kynge in Kuala Lumpur

PROFILE: Singapore Airlines Market value: US\$2.3bn Main listing: Singapore

Table with financial metrics: Historic P/E (11.05), Gross yield (2.85%), Earnings per share (Cents 79.9), Current share price (S\$ 8.0)

Singapore Airlines (SIA) announced a healthy increase in group profit for the 1995-96 financial year yesterday, but its core business suffered a decline in profits after being hit by rising fuel costs and stiff competition.

Both figures were within analysts' expectations. But SIA's core airline business was hit as revenues could not keep pace with a host of cost increases, derived in part from the creation of an additional 11.6 per cent in passenger and cargo capacities, and in part from rising staff costs, landing fees and fuel prices.

Overall yields fell 5.3 per cent to 69.7 cents per load-tonne-kilometre as passenger and cargo yields fell 4.3 per cent and 4.9 per cent respectively, SIA said.

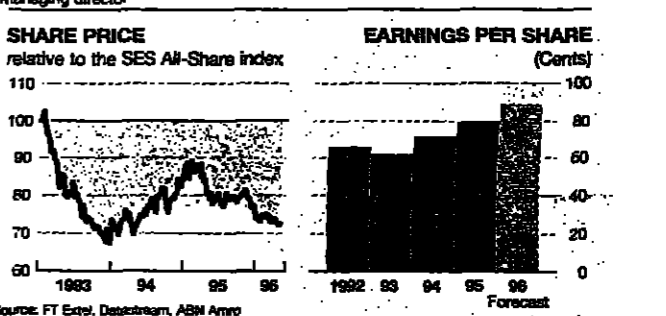
The core company's operating profit declined S\$61m, or 7.4 per cent, to S\$766m, and net profit fell by S\$63m, or 6.7 per cent, to S\$876m.

Analysts said yields could fall 3 per cent in 1996-97 if the Singapore dollar continued to appreciate and fuel prices also climbed.

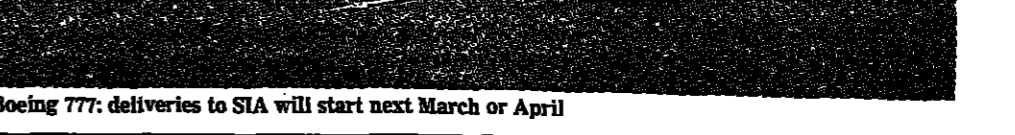
The deliveries are not slated to end until 2004, and the company hopes their entry into its fleet will provide capacity growth at 8 to 10 per cent annually for the next 10 years.

SIA's response is to try to lower unit costs by pushing relentlessly for economies of scale. Overall capacity is planned to increase by 8 per cent in 1996-97, with 7 per cent of this coming from passengers and 1 per cent from cargo.

Group earnings were bolstered in 1995-96 mainly by strong performances at subsidiaries Singapore Airport Terminal Services and SIA Engineering Company, and by the writeback of provisions for unrealised losses.



Source: FT Econ, Datastream, ABS Ann



Boeing 777: deliveries to SIA will start next March or April

Ampolex board recommends increased Mobil bid terms

By Nikki Teit in Sydney

The battle for control of Ampolex, the Australian energy group, ended yesterday when Mobil, the US oil major, announced that it was raising its cash bid from around A\$1.5bn to A\$1.75bn (US\$1.43bn), and Ampolex directors recommended acceptance of the new offer.

The new terms are A\$4.64 per ordinary share, compared with A\$4.25 previously. Significantly, the terms are within the valuation range of A\$4.44 to A\$5.21 a share suggested by Grant Samuel in an independent valuation report on Ampolex released last week.

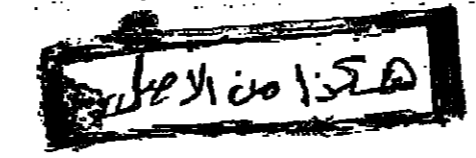
The offer for the preference shares also increases, from A\$4.27 to A\$4.66.

the weekend, and would be meeting the group's main shareholders this week. It already held a near-15 per cent stake in Ampolex's ordinary shares and yesterday lifted that to 21.1 per cent through market purchases.

In giving their support to the Mobil offer, Ampolex directors also said they would not attempt to sell any significant assets. This puts to rest strong suggestions in recent weeks that Ampolex might seek to dispose of its 14.29 per cent stake in the West Australian Petroleum Consortium, in which Chevron, Texaco and Shell are the other partners.

The WAPET consortium is considering the development of the large Gorgon gas field, off Western Australia. Although development costs have been put at between A\$7bn and A\$11bn, the field has the potential to become WA's second significant liquefied natural gas export operation by the beginning of the next century.

Ampolex yesterday asked for a suspension of its convertible notes, pending a statement later today. It indicated that it was close to reaching some form of settlement.



COMPANIES AND FINANCE: THE AMERICAS

NEWS DIGEST

Northern Telecom in \$150m US buy

Northern Telecom, the Canadian-based telecommunications equipment supplier, plans to expand its business networks expertise with a friendly US\$150m takeover of Micom Communications of Simi Valley, California. Micom directors have urged shareholders to accept Nortel's offer of \$12 a share. Odyssey Partners, Micom's biggest shareholder, has agreed to tender its 44 per cent stake. Micom shares, which trade on the Nasdaq over-the-counter market, closed at \$14 last Friday. Micom specialises in integrating companies' data, voice, fax and local-area network traffic into wider networks. Nortel was also attracted by its distribution network, which covers 85 countries.

Unisys launches new PC range

Unisys, the US computer group which is struggling to return to profitability, yesterday unveiled a new family of built-to-order personal computers aimed at corporate users. The new Aquanta range includes desktop, server and notebook PCs. Unisys has suffered a series of setbacks during the past few years and is restructuring to realign its operations into three new business units focused on computer equipment and services. However, its customised PC business has been thriving, with sales increasing 74 per cent in 1995. Prices for the new machines, which run on Intel's Pentium processors, range from \$1,200 for a desktop machine to \$3,900 for a high-end server.

iVillage wins \$12m finance

iVillage, the nine-month-old US Internet content company, announced yesterday that it had secured \$12m in financing from four new investors, making it one of the most heavily capitalised content companies in the US. America Online, the online service provider that originally invested \$2m to help found the company, made an additional investment. Two large media groups, Tele-Communications, through its TCI Interactive unit, and Tribune Company, are also new investors, as is Kleiner Perkins Caufield & Byers, one of the most prominent technology venture capital groups in the US. The new money will be used to finance the development of new channels and acquire other companies. iVillage said.

George Weston disappoints

George Weston, the Weston family's Canadian food distribution and resource group, posted first-quarter results below market estimates because weakness in the fishery operations and lower forest products results offset strengths in the food unit. Loblaw Weston earned C\$77.9m (US\$57m), or C\$1.66 a share, up 158 per cent from C\$30.2m, or 64 cents, a year earlier. However, the latest quarter included a special gain on the sale of the confectionery unit, and final net profit was equal to 50 cents a share. Revenues were C\$2.5bn, down 9.5 per cent from a year earlier. The decline was due to asset sales, after which revenues were up 3 per cent. At the operating level Loblaw contributed most - C\$60.8m, up 6.7 per cent from C\$57m. Loblaw is now solely a Canadian food distributor after the sale last year of its US subsidiary. In the first quarter sales rose 7.3 per cent. The food processing unit was up at C\$3.5m from C\$1.5m. Fisheries dipped to C\$800,000 from C\$4.8m and forest products contributed C\$14m against C\$36m.

IBM sells Prodigy stake

IBM said the sale of its 50 per cent stake in Prodigy Services, the third-largest consumer online information service, to privately-held International Wireless and a group of Prodigy executives will not have any material effect on its financial results. The price of the deal was not disclosed but the Prodigy management team was initially looking at finding investors for the buy-out for a price of about \$250m.

Canadian Occidental ahead

Record oil output by the Mastia field in the Yemen and strength in North America pushed Canadian Occidental Petroleum's first quarter net profit to C\$60m (US\$36.5m), or 73 cents a share, from C\$30m, or 45 cents, a year earlier on revenues of C\$1.9bn against C\$1.7bn. A US\$78m payment to the Yemen government to settle site, transport and other issues has been charged to capital spending, which will total C\$600m for 1996.

JP Morgan to outsource IT operations in \$2bn move

By Richard Waters in New York

J.P. Morgan is to farm out a large part of its routine information technology operations, marking one of the biggest outsourcing deals of its kind. The US bank said yesterday that it had reached an agreement with a group of technology companies under which it will pay \$2bn over seven years. The deal covers about one-third of the bank's spending on computers and telecommunications, and will yield savings of 15 per cent a year, the bank said. Morgan spent \$1.04bn in these areas last year. In terms of annual value, the contract compares with the biggest in the booming outsourcing business. Last year,

Swiss Bank Corporation agreed to pay Perot Systems \$6.25bn over 25 years to handle its computer operations, while Xerox is to pay EDS \$3.2bn over 10 years.

Unusually for such an arrangement, four different contractors have formed a partnership to handle the Morgan technology operations, and will jointly buy three of the bank's computer facilities and take on 900 of its employees.

Computer Sciences will run the computer facilities in New York, London and Delaware, while Andersen Consulting will develop software applications and provide maintenance support. AT&T and Bell Atlantic will run the bank's global voice and data network and distribute computing.

Mr Douglas Warner, chairman of J.P. Morgan, said the deal would enable the bank to "exploit new technologies, manage costs, and create competitive advantage".

The decision to use outside contractors marks a further attempt to rein in the bank's technology and communications spending. This has jumped in recent years as the bank has grown internationally. IT now consumes 45 per cent of Morgan's non-staff costs each year, compared with 35 per cent at the beginning of the decade.

Mr Peter Miller, co-head of corporate technology, said the amounts to be paid under the contract were dependent in part on the volume of transactions handled, as well as other

factors. That would enable the bank to convert part of its fixed costs into variable costs, allowing it control its unit costs better, he added.

Morgan already contracts out about 10 per cent of its technology spending, and a large part of its remaining costs are paid to suppliers of market data, such as Reuters and Telerate.

The bank plans to limit its in-house technology expertise to what Mr Miller called "the short end of the wedge": a small group whose job is to develop applications for individual business units. These include developing risk management algorithms to support the bank's own operations and the creation of financial instruments for clients.



Douglas Warner: deal will give bank 'competitive advantage'

Coca-Cola bottler seals Europe deals

By Richard Tomkins in New York

Coca-Cola Enterprises, the biggest US bottler of Coca-Cola soft drinks, is embarking on a big expansion of its European interests by buying most of Coca-Cola's bottling capacity in France and Belgium for \$915m.

The acquisition, expected to be completed early in the third quarter, will build upon Coca-Cola Enterprises' move into Europe in 1993, when it bought Coca-Cola's bottling operations in the Netherlands. Coca-Cola Enterprises is 44 per cent owned by Coca-Cola, but operates independently and its shares are quoted separately on the NYSE.

The company is the world's biggest bottler of Coca-Cola products, but most of its revenues come from the relatively mature US market, where it accounts for about 57 per cent of all Coca-Cola products sold. Recently it has been expanding by acquisition. In 1993, it paid Coca-Cola \$360m for two small bottlers in the US and Coca-Cola Beverages Nederland, its first acquisition outside the US.

The latest acquisitions are also being bought from Coca-Cola. They are Coca-Cola Beverages Holding in Belgium, which is the country's only Coca-Cola bottler.

Coca-Cola Enterprises said the French bottlers sold 158m unit cases last year, and the Belgian bottler 94m unit cases. On a pro-forma basis, their operations would add \$1.2bn to Coca-Cola Enterprises' 1995 revenues.

The US company said it was interested in making more acquisitions in territories adjacent to its existing areas. It said that following the latest deals, more than 15 per cent of its unit case sales would be generated outside the US.

Crash prompts 23% tumble in ValuJet shares

By Richard Tomkins in New York

Shares in ValuJet, the US low-cost airline, tumbled 24% to \$13 1/2 in early trading yesterday - a fall of 23 per cent - following Saturday's disaster involving one of the company's McDonnell Douglas DC-9 aircraft.

Investors feared that the crash could cause passengers to shun the airline, particularly after some US media reports raised questions over ValuJet's safety record.

A total of 104 passengers and five crew died when the DC-9 plunged into a swamp soon after taking off from Miami. The pilot had turned back towards the airport after

reporting smoke in the cockpit and cabin.

Witnesses said the aircraft plunged to the ground in a near-vertical dive.

So far, the cause of the crash is unknown. The first officer's last transmission was unintelligible - possibly because he was wearing an oxygen mask, investigators say.

Efforts to recover the wreckage and "black box" flight recorder have been hampered by difficult conditions in the swamp.

Much of the US media coverage of the accident has focused on the fact that the aircraft involved was 27 years old, and had returned to airports after take-off seven

times in two years with various mechanical problems.

Perhaps of greater concern, the airline last month said it was voluntarily trimming plans for a big expansion of its fleet after the Federal Aviation Administration raised concerns about a string of non-fatal mishaps - for example, the collapse of an aircraft's landing gear.

The FAA's concerns were said to have focused on pilot training and the quality of maintenance by outside contractors.

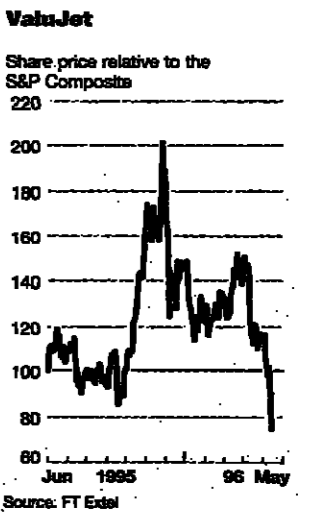
The authority decided to carry out a scrutiny of ValuJet's safety and maintenance procedures, citing the airline's rapid growth since it started up in 1993.

Yesterday the FAA said it was intensifying that review, bringing forward a week-long check-up on the airline that had been due to begin next week.


ValuJet said it welcomed the scrutiny, and would continue to work with the FAA "to assure the highest levels of safety".

ValuJet was floated on the stock market in June 1994 at a price of \$12.50 a share.

Amid rapid profits growth, its stock price soared to a peak of \$34 last December. However, the airline was subsequently hit by increased competition from Delta Air Lines and by concern over last month's delay to its expansion plans.



CONTRACTS & TENDERS


 أبو ذؤوب
 ADNOC
 شركة نفط أبو ذؤوب

Abu Dhabi National Oil Company (ADNOC)
SALE OF THAMMAMA "F" GAS SWEETENING PLANT
AT HABSHAN, LOCATED IN ABU DHABI
UNITED ARAB EMIRATES
TENDER NO. SDP/11/96

ADNOC invites interested parties to participate in the sale, on "as is where is" basis, of old Thammama "F" Gas Sweetening Plant.

THE GAS PLANT CONSISTS OF THE FOLLOWING UNITS:

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What's behind a balance sheet?

Performance.

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- Total lending volume: DM 186.0 billion (+9.5%)
- Total deposits: DM 180.3 billion (+14.8%)
- Own Issues outstanding: DM 104.9 billion (+11.1%)
- Capital & Reserves: DM 14.0 billion (+28.5%)

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COMMODITIES AND AGRICULTURE

Russia digs deep into platinum stocks

By Kenneth Gooding, Mining Correspondent

Russia dug deep into its stockpiles to export record quantities of platinum and palladium to the West last year and raised about US\$1bn that it desperately needed to help cover its budget deficit.

Table with columns: Platinum, Palladium, 1995, 1994, 1995, 1994. Rows include Supply (South Africa, Russia, North America, Others), Demand, and Stocks change.

Platinum prices peaked at \$480 an ounce last year but were back to \$400 at the end of 1995 and the annual average was \$424.22.

The platinum price peaked at \$480 an ounce last year but was back to \$400 at the end of 1995 and the annual average was \$424.22.

JM expects continued growth in palladium consumption for electronics and autocatalysts in 1996 and suggests that newly mined supplies will be augmented by further substantial sales from Russian stocks.

dium stocks are quite a bit higher than those of platinum because Russia used very little palladium domestically.

Platinum demand last year rose to a record 4.79m ounces, according to JM, while supply was up by 10 per cent to 4.55m ounces.

PNG may float mineral company 'within months'

By Nikki Tait in Sydney

A notation of Papua New Guinea's Mineral Resources Development Company could take place "within the next few months", Sir Julius Chan, PNG's prime minister claimed in Sydney yesterday.

The MRDC holds the PNG government's stakes in a number of large mining projects in PNG - including the Kutubu oil development, and the Ok Tedi, Porgera and Misima mines. Its assets have been valued at around 800m kina (US\$800m).

even without the conclusion, [the float's] prospects are still very good," he said.

ing investment conference that there would be a moratorium on "any further amendments to PNG's policies governing the mining and petroleum sector" until the year 2000 - assuming his government is re-elected next year.

was looking at up to 5 per cent "free equity" for landowners, although that "will depend entirely on a project by project basis".

MARKET REPORT LCE cocoa futures touch 8-year highs

London Commodity Exchange COCOA futures touched eight-year highs in early dealings yesterday on investment fund buying and speculative covering.

The July contract closed 226 up on the day at £1,136 after touching £1,138 - the highest level since January 1988.

Privatisation close for Philippine's Nonoc nickel mine

By Edward Luce in Manila

The Philippine government's long quest to privatise Nonoc, the country's largest nickel mine, will be sewn up this week when the operation is sold off to a British-led consortium for US\$333m.

The sell-off, which will be the biggest mining privatisation in the country's history, comes ten years after the operation was foreclosed because of bad debts and falling world nickel prices.

from the previous ownership. Apart from nickel metal, the mine, which will employ about 3,000 workers, is thought to contain cobalt sulphide and nickel sulphide reserves.

"This is the end of a very long process since Nonoc was taken into government hands in 1986," said Mr Gonzalo Santos, chief of the asset privatisation trust in Manila.

Chicago grain prices bounce

By Laurie Morse in Chicago

Continuing rains and cool weather in the northern plains of the US Midwest hampered spring seedings over the weekend and helped boost grain prices at the Chicago Board of Trade yesterday morning.

US Department of Agriculture said farmers would reap just 1.36bn bushels of winter wheat this year, down 12 per cent from last year's poor harvest.

smaller than 200m bushels since 1963.

COMMODITIES PRICES

BASE METALS

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Rows include Gold, Silver, Platinum, Palladium, Lead, Zinc, Copper, Nickel.

Precious Metals continued

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Rows include Gold COMEX, Silver COMEX, Platinum NYMEX, Palladium NYMEX.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Rows include Wheat, Corn, Soybeans, Barley, Maize.

SOFTS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Rows include Cocoa LCE, Coffee LCE, Coffee ICE, Sugar.

MEAT AND LIVESTOCK

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Rows include Live Cattle, Live Hogs, Pork Bellies.

ENERGY

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Rows include Crude Oil NYMEX, Heating Oil NYMEX, Gas Oil NYMEX, Natural Gas NYMEX.

PRECIOUS METALS

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Rows include Gold, Silver, Platinum, Palladium, Lead, Zinc, Copper, Nickel.

FUTURES DATA

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Rows include Wheat, Corn, Soybeans, Barley, Maize, Sugar, Coffee, Cocoa.

INDEXES

Table with columns: Index, Price, Change, High, Low, Vol, Open. Rows include S&P 500, Nikkei, DAX, FTSE 100, etc.

LONDON TRADED OPTIONS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Rows include Live Cattle, Live Hogs, Pork Bellies, etc.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Clues include: 1 Office furniture, 2 Account for oriental's agitation, 3 Having written a note, break loose, etc.

Solution to Saturday's prize puzzle on Saturday May 25. Solution to yesterday's prize puzzle on Monday May 27.

INTERNATIONAL CAPITAL MARKETS

Weak D-Mark lifts high-yielding sector

By Samer Iskandar in London and Lisa Branstetter in New York
Peripheral European markets made a positive start to the week. Spanish and Italian bonds benefited from the weakness of the D-Mark and are expected to continue outperforming. This week could be driven by speculation on countries' chances of meeting European monetary union criteria and participants will be awaiting economic forecasts from the European Commission.

Sharda Persaud, European economist at San Paolo Bank in London, said recent comments by members of the Bundesbank's council have led her to expect a small cut in the repo rate later this week. Most economists expect such a move to take place later, probably in June. An early cut would boost bonds and lead them to resume their outperformance of US Treasuries. One economist said the yield premium of Treasuries could reach a full percentage point within a year. Ms Persaud expects bonds to resume their rally soon and reach the 97.0 to 97.5 range on the bond future in the next two months.

market, the 10-year yield spread over bunds was stable at 1 basis point. Most high yielding markets were boosted by the weakness of the D-Mark against their currencies. Italian bonds, in two consecutive bullish sessions, have recouped their losses of last Thursday. Life's June BTP future closed at 114.42, up 0.42, after a 0.59 rise on Friday. Ms Persaud remains bullish on BTPs in the longer term. She expects a "positive mini-budget" and predicts that the central bank will ease official interest rates by around 1.5 percentage point before the year-end. She forecast that the 10-year yield spread over bunds would tighten to around 300 basis points in coming months from 329 points yesterday.

Spanish bonds also had a positive day. The 10-year bond future closed at 98.44, up 0.32. One economist said bonds could soon start underperforming as investors overweight in Spanish bonds decided to take profits. UK gilts ended a quiet session slightly lower. Life's June long gilt future settled at 109.7, down 1/8 and the 7% per cent gilt due 2006 at 96 1/2, down 1/8. However, economists point to gilts' recent underperformance and some believe the market has some catching up to do. One continental European bank forecast a rise in the pound to DM2.38, which would boost the gilt market. The currency was trading around the DM2.33 level late yesterday.

French social security debt refinancing under way

By Samer Iskandar and Antonia Sharpe
The refinancing of the French social security system's accumulated deficits of FF140bn is under way. The funds will be raised by the Caisse d'Amortissement de la Dette Sociale (Cades), an entity created earlier this year for the sole purpose of managing these debts. Mr Benoit-Alvet, chairman of Cades, announced late last week that six banks had been chosen to arrange a syndicated loan totalling FF60bn. The banks are Banque Nationale de Paris, Caisse Nationale de Credit Agricole, Dresdner Bank, J.P. Morgan, NatWest Markets and UBS.

The two French banks in the syndicate are expected to take on FF20bn, leaving FF40bn to be raised by syndication. None of the banks involved would comment on the details of the transaction, but the final terms, which should be announced before the end of this week, are expected to rival those of Spain's record-setting transaction arranged by NatWest last year. The fully-drawn cost on Spain's deal is 8 basis points above London interbank offered rate (Libor) - 4 basis points as an interest margin and 4 basis points as a facility fee. Cades has been pressing for even tighter terms than this.

Spain's loan - in the region of a minimal or no margin over the Paris interbank offered rate (Pibor). Such a fine margin can certainly be achieved, given that the cost of funds for the French banks is some 12.5 basis points below Pibor. A short maturity - three years, for example - could allow Cades to get finer terms than those on Spain's five-year deal. The syndicated loan is only the first tranche of the refinancing. An additional FF60bn still has to be raised before a June 28 deadline, through issues of bonds and commercial paper in French francs and foreign currencies.

KDB global offering set to be highlight of week

By Antonia Sharpe
A \$750m global bond offering from Korea Development Bank is set to be the highlight of a quiet week in the eurobond market, due to Thursday's Ascension Day holiday in most parts of continental Europe. US last week, the dollar sector is also expected to see an offering from TMCC in the near future. Syndicate managers said yesterday that although a considerable amount of dollar paper had been issued in recent weeks, investor demand for dollar-denominated paper continued to be buoyant, causing spreads to come in. They noted, for example, that the spread on Fannie Mae's \$1bn five-year global bond had narrowed to 14 basis points over Treasuries from 18 basis points at the launch while the spread on Unilever's popular \$250m five-year offering had gone from 8 basis points over Treasuries to 3 basis points below.

They were therefore surprised that NTT chose to do a Swiss franc offering yesterday rather than a widely-rumoured dollar offering. Among other issues yesterday, Germany's DSL Bank tapped the eurobonding sector, raising \$150m through a four-year deal. Lead manager BZW said the recent rise in sterling made the bonds attractive to European retail investors, offering them a pick-up of some 200 basis points over German government bonds of the same maturity.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Amount m, Coupon %, Price, Maturity, Fees %, Spread bp, Book-runner. Includes entries for US Dollars, D-Mark, Yen, Swiss Francs, Sterling, Australian Dollars, and New Zealand Dollars.

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. R fixed re-offer price; fixed at re-offer level. 1) First USA Credit Card Master Trust. Legal maturity: 10/7/05. Plus accrued. 2) 1-1/2m Libor +125p. 3) Callable on 12/31/98 at par. 4) 6% on 12/31/98 and 6% thereafter. 5) Guaranteed Payment of DM100m. Underlying: Brazil EFPs due 14/4/06. 6) Short 1st coupon.

Turkey to raise \$5bn abroad to help cover budget deficit

By John Barham in Istanbul
Turkey's new central bank governor says the country plans to raise funds on the international market to help cover this year's forecast budget deficit of \$1.64bn. In an interview, Mr Gazi Erpel said, "We have to raise some funds for the public sector deficit externally." He said Turkey needed to borrow about \$5bn abroad in 1996. Yesterday, the Treasury raised \$300m with a six-year Eurobond issue yielding 6 per cent a year and plans to issue a \$300m, three-year Eurobond by June, lifting first-half funding on the international markets to about \$1.7bn, mainly to refinance maturing loans. Mr Erpel, who was appointed last month, said the Treasury needed to borrow more overseas to reduce its reliance on the small domestic capital market, where interest rates are very high. Real interest rates have been reversed in the face of mounting budget deficits.

Turkey, which is rated B+ by Standard & Poor's, had external debts of \$3.29bn at the end of 1995. The Treasury is forecast to pay \$7.79bn in principal and \$3.29bn in interest this year. Turkish bankers expect the Treasury to have little trouble raising \$2.5bn to \$3bn in the second half. However, a senior Turkish banker said, "Markets are ready for Turkish risk, but it all depends on political stability. International markets will get nervous if the struggle between [the coalition government] partners continues." Blitter rivalry between the two parties in Prime Minister Mesut Yilmaz's two-month-old conservative coalition threatens the government's stability. Political analysts and business executives doubt the government can survive until December.

management board member of Germany's Dresdner Bank, which last year raised \$1bn of subordinated debt in the Yankee bond market. Two senior Italian Treasury officials are also due to speak. While Italy is unlikely to issue a Yankee bond, investors in the sector are also likely to be holders of the country's outstanding global bonds.

WORLD BOND PRICES

Table with columns: Country, Coupon, Price, Change, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, US Treasury, and ECU.

BUND FUTURES OPTIONS (LIFE) DM250,000 points of 100%

Table with columns: Strike, Price, Call, Put, Change, High, Low, Est. vol, Open int. Includes entries for Jun, Jul, Aug, Sep, Oct, Nov, Dec.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Price, Change, Yield, High, Low. Includes UK Gilts, US Gilts, and other fixed interest indices.

GILT EDGED ACTIVITY INDICES

Table with columns: Index, Price, Change, Yield, High, Low. Includes Gilt Edged benchmarks and other activity indices.

US INTEREST RATES

Table with columns: Rate, Price, Change, Yield, High, Low. Includes Treasury Bills and Bond Yields.

ITALY NATIONAL ITALIAN GOVT. BOND (BTP) FUTURES

Table with columns: Open, Settle, Price, Change, High, Low, Est. vol, Open int. Includes entries for Jun, Jul, Aug, Sep, Oct, Nov, Dec.

FT FIXED INTEREST INDICES

Table with columns: Index, Price, Change, Yield, High, Low. Includes various fixed interest indices.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on May 13.

BOND FUTURES AND OPTIONS

Table with columns: Country, Coupon, Price, Change, Yield, High, Low, Est. vol, Open int. Includes France, Germany, and UK Gilts.

UK GILTS PRICES

Table with columns: Maturity, Yield, Price, Change, High, Low. Includes various UK government bond maturities.

Other Fixed Interest

Table with columns: Index, Price, Change, Yield, High, Low. Includes various international fixed interest indices.

CONVERTIBLE BONDS

Table with columns: Index, Price, Change, Yield, High, Low. Includes various convertible bond indices.

Footnote: * Only one market maker specified. © The Financial Times Ltd. 1996. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by International Securities Market Association.

CURRENCIES AND MONEY

MARKETS REPORT

Political optimism pushes lira to 18 month high

By Philip Gawth... Despite its fairly tepid performance yesterday, the big theme in the markets at present is whether the period of D-Mark weakness is over, bringing an end to any hopes of an enduring dollar rally.

second. And third... Having rounded on the faint breeze, Mr Marber proceeded to affirm his own faith in a dollar rally. Last week's events have not altered his timetable of the dollar reaching DM1.5006 in two weeks time. But even if he is wrong, "that would not in any way alter my belief in the dollar's ability to reach DM1.70 or higher later on this year."

reckons that EMU is the key to the dollar rallying up to DM1.60... "The markets are underestimating the fiscal drag on European economies as attempts are made to bring fiscal deficits more into line with the Maastricht criterion.

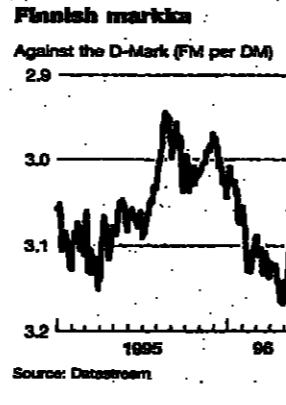


Table with columns: Country, Currency, Bid/offer, Day's bid/offer, One month, Three months, One year, Bank of England. Lists various countries like Australia, Belgium, Denmark, etc.

Table with columns: Country, Currency, Bid/offer, Day's bid/offer, One month, Three months, One year, Bank of England. Lists various countries like Austria, Belgium, Denmark, etc.

Table with columns: Country, Currency, Bid/offer, Day's bid/offer, One month, Three months, One year, Bank of England. Lists various countries like Australia, Belgium, Denmark, etc.

WORLD INTEREST RATES

Table with columns: Money Rates, May 13, One month, Three months, Six months, One year, Lomb. inter., Dis. rate, Repo rate. Lists rates for various countries like Belgium, France, Germany, etc.

EURO CURRENCY INTEREST RATES

Table with columns: Money Rates, May 13, Short term, 7 days notice, One month, Three months, Six months, One year. Lists rates for various currencies like Belgian Franc, Danish Krone, etc.

CROSS RATES AND DERIVATIVES

Table with columns: Exchange Cross Rates, May 13, Bid, Offer, DM, SF, L, F, NG, Es, Pts, SK, SP, Y, CS, S, Y, Esc. Lists rates for various currencies.

UK INTEREST RATES

Table with columns: London Money Rates, May 13, Bid, Offer, One month, Three months, Six months, One year. Lists rates for various terms.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: May 13, Euro cent, Rate against Euro, Change on day, % +/- from cent, % spread, Div. Incl. Lists rates for various countries.

UK STERLING FUTURES (LFFE) 250,000 points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for UK Sterling.

EURO CURRENCY FUTURES (LFFE) DM 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

EURO CURRENCY FUTURES (LFFE) SF 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

BASE LENDING RATES

Table with columns: Bank Name, Rate. Lists base lending rates for various banks like Adams & Company, Allied Bank, etc.

EURO CURRENCY FUTURES (LFFE) DM 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

EURO CURRENCY FUTURES (LFFE) SF 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

EURO CURRENCY FUTURES (LFFE) DM 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

EURO CURRENCY FUTURES (LFFE) SF 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

EURO CURRENCY FUTURES (LFFE) DM 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

EURO CURRENCY FUTURES (LFFE) DM 1m points of 100%

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EURO CURRENCY FUTURES (LFFE) SF 1m points of 100%

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EURO CURRENCY FUTURES (LFFE) DM 1m points of 100%

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists futures data for Euro Currency.

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, price, and change.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

ENGINEERING & ELECTRICAL EQPT - Cont.

Table listing companies in the Engineering & Electrical Eqpt sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

HEALTH CARE - Cont.

Table listing companies in the Health Care sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, price, and change.

INVESTMENT TRUSTS - Cont.

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

HEALTH CARE

Table listing companies in the Health Care sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector with columns for company name, price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, price, and change.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector with columns for company name, price, and change.

HEALTH CARE

Table listing companies in the Health Care sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

Advertisement for Hewlett-Packard and Computacenter, featuring the HP logo and text: 'Print leader, performance servers, managed desktops. From the UK's leading provider of distributed IT systems and services. Computacenter'.

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LONDON SHARE SERVICE

150/100

INVESTMENT TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and other financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for name, price, and other financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for name, price, and other financial data.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and other financial data.

AM - Cont.

Table listing American companies with columns for name, price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and other financial data.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and other financial data.

RETAILERS, FOOD

Table listing food retailers with columns for name, price, and other financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and other financial data.

AMERICANS

Table listing American companies with columns for name, price, and other financial data.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and other financial data.

MEDIA

Table listing media companies with columns for name, price, and other financial data.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and other financial data.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for name, price, and other financial data.

Templeton advertisement: Seeking out under-valued investments across the globe. HOW TO INVEST THE TEMPLETON WAY. AS EXPLAINED BY THE UGLY DUCKLING.

TOBACCO

Table listing tobacco companies with columns for name, price, and other financial data.

SOUTH AFRICANS

Table listing South African companies with columns for name, price, and other financial data.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and other financial data.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and other financial data.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies with columns for name, price, and other financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for name, price, and other financial data.

WATER

Table listing water companies with columns for name, price, and other financial data.

AIM

Table listing AIM companies with columns for name, price, and other financial data.

GUIDE TO LONDON SHARE SERVICE. Prices for the London Share Service delivered by FT Share, a member of the Financial Times Group.

FT Free Annual Reports Service. You can obtain the current annual/interim report of any company annotated with FT analysis.

Vertical text on the right edge of the page, possibly a page number or reference.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda funds including Fidelity Currency Funds Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

GUERNSEY (REGULATED)**

Table listing Guernsey funds including AXA Invest Co (Guernsey) Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

BERMUDA (REGULATED)**

Table listing Bermuda regulated funds including Bermuda Investment Management Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey SIB recognised funds including AXA Investment Management (Guernsey) Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

IRELAND (SIB RECOGNISED)

Table listing Ireland SIB recognised funds including AXA Fund Managers Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

IRELAND (REGULATED)**

Table listing Ireland regulated funds including AXA Fund Managers Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

Table listing various international and equity funds from different jurisdictions, including Royal Bank of Canada O/S FI Mgrs Ltd, AXA Invest Co, and others.

Table listing various international and equity funds from different jurisdictions, including AXA Invest Co, Royal Bank of Canada O/S FI Mgrs Ltd, and others.

Table listing various international and equity funds from different jurisdictions, including AXA Invest Co, Royal Bank of Canada O/S FI Mgrs Ltd, and others.

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Table listing various international and equity funds from different jurisdictions, including AXA Invest Co, Royal Bank of Canada O/S FI Mgrs Ltd, and others.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man SIB recognised funds including AXA Equity & Law Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

JERSEY (SIB RECOGNISED)

Table listing Jersey SIB recognised funds including AXA Equity & Law Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

JERSEY (REGULATED)**

Table listing Jersey regulated funds including AXA Equity & Law Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg SIB recognised funds including AXA AMCO Funds Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

LUXEMBOURG (REGULATED)**

Table listing Luxembourg regulated funds including AXA AMCO Funds Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man SIB recognised funds including AXA Equity & Law Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

JERSEY (SIB RECOGNISED)

Table listing Jersey SIB recognised funds including AXA Equity & Law Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

JERSEY (REGULATED)**

Table listing Jersey regulated funds including AXA Equity & Law Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

LUXEMBOURG (SIB RECOGNISED)

Table listing Luxembourg SIB recognised funds including AXA AMCO Funds Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

LUXEMBOURG (REGULATED)**

Table listing Luxembourg regulated funds including AXA AMCO Funds Ltd, Royal Bank of Canada O/S FI Mgrs Ltd, and various international and equity funds.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4376 for more details.

Table of fund prices and performance metrics, including columns for fund name, price, and change.

Table of fund prices and performance metrics, including columns for fund name, price, and change.

Table of fund prices and performance metrics, including columns for fund name, price, and change.

Table of fund prices and performance metrics, including columns for fund name, price, and change.

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Table of fund prices and performance metrics, including columns for fund name, price, and change.

Table of fund prices and performance metrics, including columns for fund name, price, and change.

Table of fund prices and performance metrics, including columns for fund name, price, and change.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

Table of offshore insurance products and their details.

MANAGED FUNDS NOTES: Please see to ensure correct information and that the fund is suitable for your needs.

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LONDON STOCK EXCHANGE

MARKET REPORT

Shares depressed by shift of stance in utilities

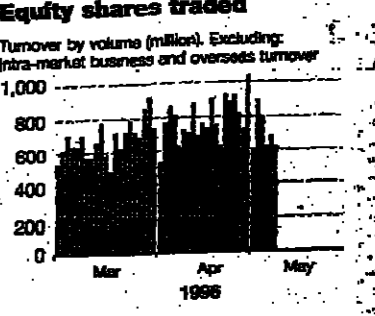
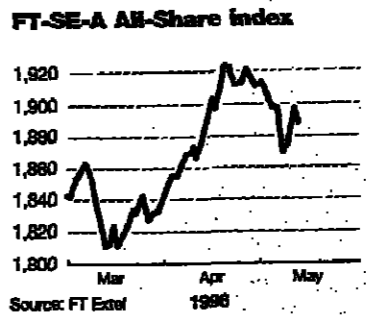
By Steve Thompson, UK Stock Market Editor
UK shares were dealt a serious blow by the Ofgas report into price controls at Transco, the pipelines subsidiary of British Gas.

tion issues. "This is a terrible advert for Railtrack," said one utilities analyst.
Hampered by the Gas news, the UK market was always struggling to make headway and the FT-SE 100 index eventually ended the session a net 15.2 lower at 3,739.2.

prospect of more takeover activity across many sectors and also by the excellent showing by Wall Street on Friday evening. Then, the Dow Jones Industrial Average closed with a 43-point advance.
But the nagging absence of any of the rumoured bids, especially in the engineering and insurance sectors, where Lucas and Sun Alliance were seen as prime takeover targets, plus the unhappiness surrounding British Gas, quickly took hold and saw UK share prices begin to wilt.

before edging off the bottom just before the close of trading.
Earlier, the market had to contend with the lack of any bid news, which was only partly offset by confirmation that Standard Life, the mutual insurer, was looking at selling on its 32.5 per cent stake in Bank of Scotland, a story that first circulated around a month ago.
Lucas, Sun Alliance and the rest of the insurance sector had been targeted as potential takeover stocks at the end of last week.

for crucial data on unemployment, earnings and inflation figures in the UK due later this week.
In the US, there are retail sales, inflation and industrial production numbers due in the next three days.
Turnover in equities had reached 676.9m shares by 6pm, with non-FT-SE 100 index stocks only just eclipsing the leaders and accounting for 32 per cent of the total. Customer business on Friday was valued at £1.97bn.



Indices and ratios table showing FT-SE 100, FT-SE Mid 250, FT-SE-A All-Share, and various ratios like P/E and Dividend Yield.

Best performing sectors and Worst performing sectors table listing various industry sectors and their performance metrics.

Regulator blues hit Gas

It was a day of black superlatives for British Gas. Shares in the utility recorded one of their biggest ever one-day falls. The slide of 27 to 201p took them to their lowest level for six years and accounted for half of the fall in the FT-SE 100 index.

prices that the company can charge to supply gas via its Transco pipeline business.
And the initial shock was felt not by the 1.5m-plus small shareholders, but by the big income funds which bailed out of the stock on the realisation that the dividend is only going to go one way.
Ms Himona's analysis that the dividend will be halved is based on the worst case scenario presented by Ms Claire Spottiswoode, the regulator, which would lead to an estimated loss of revenue of £900m and a dividend of 7.2p.

merger. Specialists believe that, although possible cost savings are not significant, a bidder could afford to pay between 300p and 350p per share.
Bank of Scotland jumped 14 to 252 1/2p, HSBC 5 to 96 1/2p and Abbey National 6 to 56 1/2p.
The group is heavily geared towards the refurbishment side of the trade and doubts about volume trends were rife among dealers yesterday. Down 9 on Friday, the shares dipped a further 3 to 22 1/2p in above average turnover of 4.2m.
Timber specialist Meyer International rose 11 to 48 1/2p on weekend press stories that builders merchants rival Wol-

seley was lining up a takeover bid. Wolsley lost 3 to 45 1/2p.
Initial investor enthusiasm for a missile link between British Aerospace and Matra, of France, waned as the day wore on and BAE, up 16 at one stage, closed 11 ahead at 87 1/2p.
Analysts cautioned that the joint venture faced a number of tests before agreement in principle could be turned into a done deal. The deal involved BAE, the junior partner, in a cash payment of up to £110m, and was dependent on a Ministry of Defence order.
The deal fell to the bottom of the FT-SE Mid 250 rankings following unfavourable news from the US on asbestos litigation. The stock ended off more than 7 per cent, tumbling 13 to 182 1/2p.
Transport leader British Airways moved against the market trend, adding 6 at 53 1/2p in above average trade of 3.5m.
The driving force looked to be weekend press coverage

pointing to a possible merger between BA and American Airlines. There has been plenty of talk about break-through marketing deals in the US for BAE, but an outright merger looked to be a new twist on the story.
Airports group BAA dipped 4 to 53 1/2p after the announcement of subdued traffic figures for April.
Pearson gained 13 at 71 1/2p on press stories that it is poised to float its television interests. Pearson declined to comment.
In the breweries, pubs and restaurants sector, Wolverhampton & Dudley rose 8 to 82 1/2p after publication of a five-day delayed trade, according to an analyst. J.D. Wetherspoon fell 10 to 83 1/2p, with some modest profit-taking, while Harry Ramsden's, the fish and chip chain, leapt 38 to 41 1/2p, tempting bid speculation. Market-makers said the sector was fairly lively and there was a shortage of stock.
Whitbread nudged up 3 to 74 1/2p on media reports that it was near to securing a long term licensing agreement with Labatt's, the Canadian brewer. Bass moved forward 6 to 79 1/2p on the back of the reports, although analysts had widely varying explanations of how the changes at Whitbread would affect the industry and Bass in particular.
Allied Domecq rose 2 to 50 1/2p on the eve of its interim results. However, NatWest Securities warned that short-term expectations may be overoptimistic.
SBC Warburg moved from "buy" to "hold" on conglomerate Charter and the shares came off 9 to 96 1/2p. Worries about the book-to-bill ratio for US semiconductor were said to have unsettled Cookson Group, which fell 5 to 50 1/2p.

health care sector, for £19.75m. Sentiment in the stock was further enhanced by a statement from the company in which it reiterated its target of 15 per cent annual earnings growth without the need for further major acquisitions.
One analyst said: "This is a very good acquisition. Stakis is already in health clubs but this will give the company expertise and new opportunities."
After Manchester United's victory in the Football Association cup final at the weekend, the shares were in favour yesterday, gaining 7 at 347 1/2p.
Royal Bank of Scotland dipped 6 to 53 1/2p as SBC Warburg took the stock off its list of recommendations.
MARKET REPORTERS: Peter John, Joel Kibazo, Jeffrey Brown, Lisa Wood.

FUTURES AND OPTIONS

Table showing FT-SE 100 INDEX FUTURES (LFFE) and FT-SE 100 INDEX OPTION (LFFE) prices and changes for various months.

TRADING VOLUME

Table showing Major Stocks Yesterday with columns for stock name, price, and volume.

Caradon lower

Building materials leader Caradon had another eventful session, with sentiment looking very ragged ahead of today's annual meeting.
The group is heavily geared towards the refurbishment side of the trade and doubts about volume trends were rife among dealers yesterday. Down 9 on Friday, the shares dipped a further 3 to 22 1/2p in above average turnover of 4.2m.

BoS bid buzz

Bank of Scotland shares gave some support to a faltering market, which spied the next takeover candidate.
An announcement from Standard Life that it was considering the sale of its 32 per cent stake in BoS was seen as putting the latter in play.
One analyst commented: "Bank of Scotland says it has an amicable relationship with Standard Life. But Standard has a duty to get the best price for its shareholders. It does that by selling to one party and that party is likely to be a potential bidder."

FINANCIAL TIMES EQUITY INDICES

Table showing Financial Times Equity Indices for various dates and metrics like High, Low, and Change.

LONDON MARKET DATA

Table showing London Market Data including Shares and Total, High, Low, and Change.

FT GOLD MINES INDEX

Table showing FT Gold Mines Index with columns for Index, High, Low, and Change.

Financial Publishing advertisement for Insurance Newsletters. Includes text: 'INSURANCE With the increasing complexities and competition within the insurance market it is crucial that you stay aware of the core developments shaping the global insurance industry.' and 'Benefit from the unmatched analysis of key industry issues within the following reports, priced between £250 and £350.' Lists various insurance topics and provides contact information for Charlotte Green at FT Financial Publishing.

FT-SE Actuaries Share Indices

Large table showing FT-SE Actuaries Share Indices for various sectors like Global Commercial Insurance, Marine, Aviation & Transport, etc.

Hourly movements

Table showing Hourly movements for FT-SE 100, FT-SE Mid 250, and FT-SE-A All-Share.

FT-SE Actuaries 350 Industry baskets

Table showing FT-SE Actuaries 350 Industry baskets with columns for Sector, High, Low, and Change.

Handwritten note: 'The FT-SE 100 is 3739.2'

WORLD STOCK MARKETS

EUROPE			
Stock	High	Low	Vol
EUROSTOCK (May 13 / %)			
FTSE 100	10,273.1	10,273.1	1,511.2
MARKETS			
London	10,273.1	10,273.1	1,511.2
Paris	3,292.0	3,292.0	1,511.2
MARKETS			
Frankfurt	4,904.0	4,904.0	1,511.2
MARKETS			
Berlin	11,100.0	11,100.0	1,511.2
MARKETS			
Amsterdam	1,850.0	1,850.0	1,511.2
MARKETS			
Brussels	1,850.0	1,850.0	1,511.2
MARKETS			
Madrid	1,850.0	1,850.0	1,511.2
MARKETS			
Lisbon	1,850.0	1,850.0	1,511.2
MARKETS			
Stockholm	1,850.0	1,850.0	1,511.2
MARKETS			
Oslo	1,850.0	1,850.0	1,511.2
MARKETS			
Warsaw	1,850.0	1,850.0	1,511.2
MARKETS			
Zurich	1,850.0	1,850.0	1,511.2
MARKETS			
Vienna	1,850.0	1,850.0	1,511.2
MARKETS			
Prague	1,850.0	1,850.0	1,511.2
MARKETS			
Budapest	1,850.0	1,850.0	1,511.2
MARKETS			
Sofia	1,850.0	1,850.0	1,511.2
MARKETS			
Riga	1,850.0	1,850.0	1,511.2
MARKETS			
Tbilisi	1,850.0	1,850.0	1,511.2
MARKETS			
Yerevan	1,850.0	1,850.0	1,511.2
MARKETS			
Almaty	1,850.0	1,850.0	1,511.2
MARKETS			
Novosibirsk	1,850.0	1,850.0	1,511.2
MARKETS			
Novokuznetsk	1,850.0	1,850.0	1,511.2
MARKETS			
Novorossiysk	1,850.0	1,850.0	1,511.2
MARKETS			
Stavropol	1,850.0	1,850.0	1,511.2
MARKETS			
Yekaterinburg	1,850.0	1,850.0	1,511.2
MARKETS			
Baku	1,850.0	1,850.0	1,511.2
MARKETS			
Erzurum	1,850.0	1,850.0	1,511.2
MARKETS			
Kars	1,850.0	1,850.0	1,511.2
MARKETS			
Van	1,850.0	1,850.0	1,511.2
MARKETS			
Samsun	1,850.0	1,850.0	1,511.2
MARKETS			
Sirkeci	1,850.0	1,850.0	1,511.2
MARKETS			
Yedigöller	1,850.0	1,850.0	1,511.2
MARKETS			
Yedigöller	1,850.0	1,850.0	1,511.2

Every major world airline flies with Rockwell avionics

Rockwell

Rockwell International is a leader in the development and production of avionics systems for the world's major airlines. Our products are used on over 3,000 aircraft of 100 different types in 75 countries. Rockwell's avionics systems are known for their reliability, performance, and ease of integration. Our products include navigation systems, communication systems, display systems, and engine monitoring systems. We are committed to providing the highest quality avionics systems to our customers.

INDICES			
Index	High	Low	Vol
FTSE 100	10,273.1	10,273.1	1,511.2
FTSE 250	10,273.1	10,273.1	1,511.2
FTSE 350	10,273.1	10,273.1	1,511.2
FTSE 400	10,273.1	10,273.1	1,511.2
FTSE 500	10,273.1	10,273.1	1,511.2

US INDICES			
Index	High	Low	Vol
Dow Jones	10,273.1	10,273.1	1,511.2
S&P 500	10,273.1	10,273.1	1,511.2
NASDAQ	10,273.1	10,273.1	1,511.2

EUROPE			
Stock	High	Low	Vol
EUROSTOCK (May 13 / %)			
FTSE 100	10,273.1	10,273.1	1,511.2
MARKETS			
London	10,273.1	10,273.1	1,511.2
Paris	3,292.0	3,292.0	1,511.2
MARKETS			
Frankfurt	4,904.0	4,904.0	1,511.2
MARKETS			
Berlin	11,100.0	11,100.0	1,511.2
MARKETS			
Amsterdam	1,850.0	1,850.0	1,511.2
MARKETS			
Brussels	1,850.0	1,850.0	1,511.2
MARKETS			
Madrid	1,850.0	1,850.0	1,511.2
MARKETS			
Lisbon	1,850.0	1,850.0	1,511.2
MARKETS			
Stockholm	1,850.0	1,850.0	1,511.2
MARKETS			
Oslo	1,850.0	1,850.0	1,511.2
MARKETS			
Warsaw	1,850.0	1,850.0	1,511.2
MARKETS			
Zurich	1,850.0	1,850.0	1,511.2
MARKETS			
Vienna	1,850.0	1,850.0	1,511.2
MARKETS			
Prague	1,850.0	1,850.0	1,511.2
MARKETS			
Budapest	1,850.0	1,850.0	1,511.2
MARKETS			
Sofia	1,850.0	1,850.0	1,511.2
MARKETS			
Riga	1,850.0	1,850.0	1,511.2
MARKETS			
Tbilisi	1,850.0	1,850.0	1,511.2
MARKETS			
Yerevan	1,850.0	1,850.0	1,511.2
MARKETS			
Almaty	1,850.0	1,850.0	1,511.2
MARKETS			
Novosibirsk	1,850.0	1,850.0	1,511.2
MARKETS			
Novokuznetsk	1,850.0	1,850.0	1,511.2
MARKETS			
Novorossiysk	1,850.0	1,850.0	1,511.2
MARKETS			
Stavropol	1,850.0	1,850.0	1,511.2
MARKETS			
Yekaterinburg	1,850.0	1,850.0	1,511.2
MARKETS			
Baku	1,850.0	1,850.0	1,511.2
MARKETS			
Erzurum	1,850.0	1,850.0	1,511.2
MARKETS			
Kars	1,850.0	1,850.0	1,511.2
MARKETS			
Van	1,850.0	1,850.0	1,511.2
MARKETS			
Samsun	1,850.0	1,850.0	1,511.2
MARKETS			
Sirkeci	1,850.0	1,850.0	1,511.2
MARKETS			
Yedigöller	1,850.0	1,850.0	1,511.2
MARKETS			
Yedigöller	1,850.0	1,850.0	1,511.2

EUROPE			
Stock	High	Low	Vol
EUROSTOCK (May 13 / %)			
FTSE 100	10,273.1	10,273.1	1,511.2
MARKETS			
London	10,273.1	10,273.1	1,511.2
Paris	3,292.0	3,292.0	1,511.2
MARKETS			
Frankfurt	4,904.0	4,904.0	1,511.2
MARKETS			
Berlin	11,100.0	11,100.0	1,511.2
MARKETS			
Amsterdam	1,850.0	1,850.0	1,511.2
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Brussels	1,850.0	1,850.0	1,511.2
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Madrid	1,850.0	1,850.0	1,511.2
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Yekaterinburg	1,850.0	1,850.0	1,511.2
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Baku	1,850.0	1,850.0	1,511.2
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Kars	1,850.0	1,850.0	1,511.2
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Van	1,850.0	1,850.0	1,511.2
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Samsun	1,850.0	1,850.0	1,511.2
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Sirkeci	1,850.0	1,850.0	1,511.2
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NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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Handwritten note: 10/15/96

NYSE PRICES

NASDAQ NATIONAL MARKET

Table of NYSE stock prices with columns for stock name, price, change, and volume. Includes sub-sections for AMEX PRICES and various market indices.

Table of NASDAQ National Market stock prices with columns for stock name, price, change, and volume. Includes sub-sections for AMEX PRICES and various market indices.

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Table of AMEX PRICES with columns for stock name, price, change, and volume. Includes sub-sections for AMEX PRICES and various market indices.

TECHNOLOGY

A computer spots an international terrorist trying to enter the US and alerts officials: smart televisions know exactly what viewers watch through a camera mounted on top of the set; a criminal attempting to use a stolen credit card is caught because the machine does not recognise his face.

All of these scenarios - images both comforting and alarming - may soon become reality. Face-recognition technology, long in development, is finally approaching practical application and may soon achieve widespread use.

One of the best systems has been put together at the Massachusetts Institute of Technology's Media Laboratory, where Alex Pentland has constructed an artificial brain blessed with what is referred to as "visual intelligence".

This summer, the state of Massachusetts will roll out a program based on the MIT system - dubbed Photobook - to identify people who use multiple identifications to commit fraud.

British Telecommunications, which provides partial funding for the Media Lab work, is developing a security system based on the technology. The US Army is interested in using Photobook for a secure-entry system.

Kodak and Sensormatic, a large US security firm, have also expressed interest. Pentland has even been called to the White House to explain how his technology could combat terrorism.

In the future, the program could help find missing children and provide extra security for ATM and credit card users. Tiny computer cameras that can be mounted on top of the screen for just \$100 (£55) make it possible to use Photobook on the Internet to verify identification for electronic purchases and track down online pornographers.

Although the Big Brother aspect may be troubling to



Facial lines: the computer recognises faces in a completely different way from people, with advantages and disadvantages over the human brain

'I know that face'

Victoria Griffith on a computer system with 'visual intelligence'

some, to others it will provide comforting security.

Some of Pentland's suggestions for Photobook border on the bizarre. He dreams of a front door camera that announces the identity of the person outside. "Wouldn't it be great if the camera could tell us it's an insurance salesman outside," he asks.

Pentland has also built the prototype of a pair of spectacles with a tiny camera attached, to whisper the names of people he has already met. "That's great for me because I have a bad memory for names," he explains.

The way in which the human brain recognises faces is largely a mystery. In some unknown way, people match hair colour, eye shape, nose size and other information to stored images of friends, family and acquaintances.

Because the mechanism is not well understood, Pentland says, he had no hope of replicating it. "Before I did my research, people had tried to teach computers to recognise

faces based on human-like perceptions, such as bushy eyebrows," he says. "But they never had much luck."

Pentland instead took a highly analytical approach to the problem. The computer, he explains, recognises faces not by individual features, but in a holistic manner. To start with, Photobook breaks the image into pixels that make up an image on the screen. The pixels represent a simplified version of the face, resembling a map of various shades, colours and shapes. Photobook's typical face, for instance, is made up of 16,000 pixels.

The computer normalises photographs of people to compensate for differences in lighting, distance and other factors. It then selects the facial features that can most easily distinguish one face from another. Researchers call these features "eigenfaces". Eigen means "real" or "true" in German.

The information is stored; when an image of the person is fed through the program, the computer compares the eigenfaces to come up with a match. Because the information is digitally compressed to take up less space in the computer's memory, the match can take place within a few seconds. Pentland says he has achieved nearly 100 per cent accuracy in tests with databases containing 3,000 faces, although critics say those tests were performed under ideal circumstances, such as uniform light.

Because the computer recognises faces in a way completely different from people, it has advantages and disadvantages over the human brain. Photobook is less good than humans in recognising those closest to us. Close friends and relatives, for instance, can train their eyes to distinguish subtle differences in the features of identical twins, for instance. "That's way beyond the capability of the computer," says Pentland. "To the program, identical twins are the same person."

Yet computers have the benefit of being able to keep a huge number of images in their data banks. It is beyond the capability of most humans, for instance, to match names to a databank of thousands of different faces. The computer is also better at seeing through disguises. "You would probably recognise me tomorrow if you saw me walking down the street as I am now," says Pentland, a bearded redhead. "But if I shave my beard, dye my hair black and put on sunglasses, you probably wouldn't."

'I'm trying to get the computer to recognise not just a face, but what mood a person is in or the gestures he or she is making'

Because the computer registers unchangeable features

such as eye sockets, it can usually override a disguise. "Or if it couldn't identify the face definitely, it would at least suggest a possible match," says Pentland.

He is now seeking to build a program to recognise faces in even greater detail, creating "eigenfeature" maps in addition to the "eigenfaces". The enhanced capability could prevent terrorists, for instance, from escaping recognition by undergoing plastic surgery.

"The advantage of using the computer for this type of purpose is that there are not that many known terrorists worldwide," says Pentland. "It's the same with drug smugglers - there are usually just a few hundred people causing all the trouble, so it's easier to add detail into that sort of a program."

Sensormatic, one of the companies interested in Pentland's work, says it is looking to develop a product soon using the eigenface technology. "We'd use it for access control systems, which would identify people for admission to high-security buildings," says Hap Patterson, Sensormatic's R&D director.

With the Photobook project up and running, Pentland is looking at other visual intelligence challenges. "I'm trying to get the computer to recognise not just a face, but what mood a person is in or the gestures he or she is making."

The new technology would have different applications from Photobook. Pentland is talking to car makers Nissan, Volvo and Mercedes-Benz about the possibility of making a car that recognises when the driver is falling asleep, for instance. The idea is that the car would set off an alarm or create some other stimulus to wake the driver up.

Pentland has also created a computer that recognises simple hand motions. He is using this technology in a new Media Lab project called the "Smart Room", which can interpret the wave of a hand as a signal to change the television channel or lower the volume, for instance.

Pentland admits that some aspects of his research can be frightening. In fact, he got started on the project when Arbitron Company, the main competitor of television rating group Nielsen, asked Pentland's boss Nicholas Negroponte, to develop a way to identify exactly who was watching certain television shows.

"Some people saw this as an Orwellian nightmare, although the reason it hasn't yet been used has more to do with price," he explains. While some may feel uncomfortable with the idea, increasing anonymity has introduced an aspect of danger to the world.

In the past, human beings spent their days interacting with people long familiar to them. Today, parents hand their children over to caretakers they met a short time before, open their front doors to delivery people they do not know, and wonder if the person sitting next to them on the plane could be a terrorist.

Keeping a watchful eye on security

In the film *Never Say Never Again*, a camera lens zooms up to James Bond's eyes to verify his identity by his iris pattern.

ATM users in Japan may soon feel like agent 007. Sensor, a New Jersey-based subsidiary of the David Sarnoff Research Centre, has clinched a \$26m (£17m) deal with Oki Electric of Tokyo for technology to verify users' identities by examining their irises.

Oki, one of the largest ATM manufacturers in the world, hopes to incorporate the system in its machines by early next year.

Sensor says that it is negotiating deals with other ATM makers as well. The new technology, developed in the UK by John Daugman, a scientist at Cambridge University, uses iris patterns to recognise identity. "Iris patterns are even more unique than fingerprints," says Daugman.

"I don't even use colour, because there are so many other distinguishing marks." Daugman's method is similar to that used by Alex Pentland at the Massachusetts Institute of Technology for face recognition.

The camera uses algorithms to make simplified maps of the iris, then stores the image digitally in the computer's database. When the computer sees the iris again, it scans its memory to make a match.

One advantage of iris over face recognition is that the markings of the eye are more variable than facial features. Even identical twins have distinguishable irises.

Another benefit is that the camera knows when it is seeing a live eye because the pupil oscillates. "You can't just hold up a photograph of someone's iris," said Daugman. "The computer will know it's a fake."

However, the technology has drawbacks. For one thing,

users have to take off their sunglasses for the system to work.

The system also suffers from an annoying characteristic in that, because the iris is a small organ, the camera has to come very close to the eye to provide positive identification. "You can get people in the military, maybe, to put up with a camera lens right in front of their eye, but ATM users won't stand for that," says John Siedlacz, chief executive of Iriscan, the company that markets and licenses Daugman's technology.

Oki will solve that problem by making ATM customers insert a card first. Because the card tells the computer who the user is, the camera merely needs to confirm that fact. That is a far easier task than finding a database match using the image of the iris alone. For that reason, the system will work even if the user is up to 3ft away.

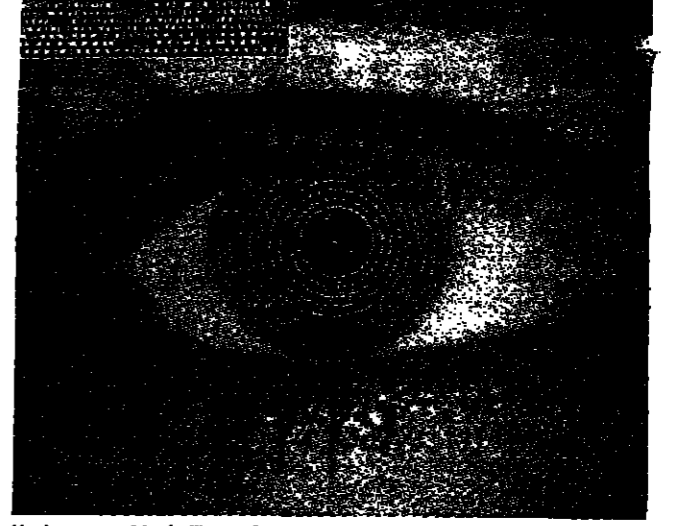
Daugman is now tackling the next step, which is to use the technology for positive identification even when the subject is a reasonable distance from the camera. In the future, he hopes, ATM users will not even need a card to access their account.

Even if ATM manufacturers adopt the technology, it may take some time for it to become widespread. "We don't see banks going out and retrofitting all their ATM machines, but we do see them replacing old machines with ones that have iris recognition devices," says Siedlacz.

Iriscan is also looking to sell iris recognition programs for secure entrance to buildings and military bases, where real secret agents may soon be identified by their iris patterns.

Real life does sometimes imitate fiction.

Victoria Griffith

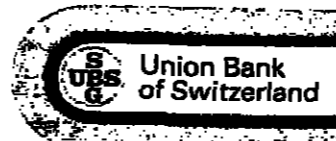


Having a good look: illustration of a computed iris code

WE AREN'T SHOWING ANY photographs of imposing mirror-glass buildings. No Swiss mountains either. Our clients know that we're strong, have healthy growth, and will be around to meet their needs for a long time to come. To them, this is the most important picture.

UBS, founded in 1862, group assets \$ 336 bn, shareholders' equity \$ 21 bn, cash flow \$3 bn, Corporate and Institutional Finance, Private and Institutional Asset Management, Trading, Sales and Risk Management.

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CONTRACTS & TENDERS

THE DEPARTMENT OF EDUCATION AND EMPLOYMENT AND THE CAREERS SERVICE

The work of the Careers Service is more important than ever before. Young people must receive the help they need to secure the next step in education, training or employment that is right for them so they can realise their full potential.

Following three rounds of competitive tendering, virtually all careers services are being run by independent companies under contract. Early evaluation indicates that careers services are now more customer focused, have increased management flexibility and more influence in local economic development. In order to build on this improvement, first round "Pathfinder" contracts, which are due to expire in March 1997 are being offered for re-tender for a five year period along with the single London area comprising the Boroughs of Barnet, Enfield and Haringey.

The Secretary of State for Education and Employment wishes to invite bids from organisations to provide the Careers Service in the following areas in England from April 1997:

- Area 1: The City of Bristol Council, South Gloucestershire District Council, North Somerset District Council and Bath and North East Somerset District Council. (Formerly known as the County of Avon).
- Area 2: Gloucestershire County Council
- Area 3: Surrey County Council
- Area 4: Bedford County Council and Luton District Council
- Area 5: Birmingham City Council
- Area 6: Black Country (one area comprising the Metropolitan Boroughs of Dudley, Sandwell, Walsall and Wolverhampton)
- Area 7: The County Council of Leicestershire, Leicester City Council and Rutland District Council
- Area 8: The County Council of North Yorkshire and City of York Council
- Area 9: Cumbria County Council
- Area 10: Metropolitan Borough of Oldham
- Area 11: Metropolitan Borough of Wigan
- Area 12: County Council of Northumberland
- Area 13: Sunderland City Council
- Area 14: One area comprising the London Boroughs of Barnet, Enfield and Haringey

Prospectus

If you are interested in finding out more, the next step is to obtain a copy of the prospectus by phoning 0345 44 00 55. Bidding organisations need not currently be based in the area(s) for which they wish to bid. The closing date for the receipt of bids is 9 September 1996.



Department for Education and Employment



السهم من الشراية

ARTS

The cerebral meets the the surreal

Nigel Andrews reports from Cannes film festival, 48½ this year

The late Federico Fellini would have loved this year's festival. Not only is it by exact count the 48½th anniversary of a movie spree founded in 1948 having lost two festivals in 1948 and '50 and half of one to the unrests of 1968. But there was also a defiant show of *la dolce vita* on opening night this year. Spawning umbrellas even under pouring skies, the glittering folk ascended the Palais steps to jumpy music-speakers, turning to wave to *la tati Cannes* in ever more rain-drenched dinner jackets and Dior dresses.

Then they sat through a double bill of movies called *Runaway Brain* and *Ridicule*. No irony was intended by the titles, though both conditions promise to be as rare as usual in Cannes, where the cerebral lies down annually with the surreal.

Since the first film was a Mickey Mouse cartoon and the second an austere French costume feature, perhaps another statement was being made at Cannes '96. Hollywood's opening night role as second

fiddle to France will continue throughout the festival, where the host nation has five features in competition to America's modest three, an unprecedented ascendance. Half a decade after Gatt the French may still be trying to show who is boss when it comes to showing movies in Europe.

Paris/Tinseltown standoffs seemed academic, though, on day two when the first Golden Palm favourite emerged from Britain. In *Secrets And Lies* director Mike Leigh returns to the high comedy of dysfunctionality he perfected in *High Hopes* and *Life Is Sweet* and put on hold in the bleaker, more portentous *Naked*.

A hilariously rueful Brenda Blethyn - place a hundred francs now if you are betting on the Best Actress prize - plays an unmarried

mother confronted with the daughter, now grown up, whom she had given away for adoption at birth. Blethyn, white, discovers that said daughter is black. Thereby hangs the 2½-hour tragicomedy of errors, which soon involves all Blethyn's relatives from her grumpy road-sweeper (second) daughter to her portrait photographer brother, played in finest wounded-hedgehog form by Timothy Spall.

Some critics have cried "Too long!" of a movie that insists on playing out its scenes of comic revelation in real time. But in Leigh's world, people are always encouraged to display their full repertoire of fics when they take on their new crosses. A long uncut take of mother and daughter at a restaurant table, picking at the past as nervously as they pick at their

plates, is wonderful for what happens in the silences as much as the speeches.

At the far extreme from Leigh's realism is Peter Greenaway's style as displayed, dazzlingly, in *The Pillow Book*. Here the screen is overrun by surrealism. There are scrawled eastern ideograms, frames within frames, bursts of colour alternating with black and white. All this to enact the story of a woman author (Vivian Wu) whose works are written on her own, then later on her lovers', bare skin: extending a lovingly remembered childhood ritual in which her father used to inscribe birthday greetings on her face.

The setting and cast are Oriental save for Scottish actor Ewan

McGregor, graduating from train-spotting to tattooing as his nude body becomes the precious manuscript sent between the heroine and her (homosexual) publisher.

Rhythmic "sex and text" in this truth-based portrait of the author of a 10th-century Japanese "pillow book", recording the lady's intimate thoughts on everything from court life to love adventures, Greenaway runs the erotic and calligraphic together in a fable that accelerates into passion, jealousy and vengeance. This film-maker often accused of coldness can clearly heat up Jacobean passions and obsessions when he sets his heart and mind to it.

Shown out of competition, *The Pillow Book* knocked the life out of some underdog movies vying for Golden Palm. Robert Altman's

Kansas City is a torpid mixture of thriller and period recreation, with Jennifer Jason Leigh, Miranda Richardson and Harry Belafonte trying to make sense of a story about jazz, kidnapping and political corruption. Hou Hsiao-Hsien's *Goodbye South, Goodbye* is a mad-deniably plotless drift through Taiwanese manners and morals from the maker of *The Puppetmaster*. And Stephen Frears' *The Van* is a Roddy Doyle comedy so old-fashioned in its rumbustiousness that we are surprised he did not enlist the "Carry On" team instead of the bravely struggling duo of Colin Meaney and Donald O'Kelly.

The Directors Fortnight has also alternated between the lithe and the all-over-the-place. Cannes' showcase for radical auteurs opened with John Sayles' *Lone*

Star, a big liberal soap opera set in a Texas town so lathered with past guilts that we could be watching a Stanley Kramer melodrama. Kris Kristofferson is the bad sheriff who dies in mysterious circumstances (cueing the whodunnit plot). Chris Cooper of *Twist Peaks* is the good sheriff trying to clean up the town's legacy of graft and racism.

Much better were Steve Buscemi's *Trees Lounge*, a comedy of love and mishap made by the hand-god-boycott actor we know from *Reservoir Dogs* and *Living With Oblivion*, and Michael Winterbottom's *Jude*, which breathes life and wintry fire into Thomas Hardy's novel. Kate Winslet and Christopher Eccleston stride the Wessex landscapes as the cinema of Eng. Lit. turns from Jane Austen, fast running out of books, to another motherhood of period costumes, sturdy plots and star-crossed lovers.

Still to come at Cannes are new Palm contenders from Bertolucci, Kaurismaki, Chen Kaige and the Coen and Taviani siblings. Watch this space.

An intimate view of a monumental talent

William Packer admires Henry Moore's creative 'work in progress'

Henry Moore, as some would argue, is England's greatest artist of the 20th century. Yet even now, it would seem, he is acknowledged abroad - especially in France, rather more by critical reflex and assumption than by actual knowledge. In a sense he has been the victim of his own success. The huge public shows around the world, from the Belvedere at Florence in the 1970s to the Bagatelle in Paris in the '90s, brought with them enormous prestige. But locally and immediately impressive as they were, their curious effect was to make us begin to take the work itself for granted. As yet another vast bronze reclining figure of Moore's last years was laid out on the grass, we would duly note the size of it, the weight and cost of it, and pass on.

It is in this respect that this new and rather small exhibition at Nantes, ten years on from Moore's death, is so important and so special. It is indoors. There are no bronzes to dominate the space by a purely material presence. And while some large works are included, there is none that is above a human scale in the immediacy and directness of its working. We are reminded of the principles that Moore himself set out as a young man and which later he seemed almost to forget - true sculpture establishes its own scale and the tiniest piece may be truly monumental; scale is a function not of literal size but of the imagination.

He was, through all those early years, a carver - breaking open, cutting and smoothing the wood or stone into the form he never expected but intuitively desired. Carving for him was never the reproduction of an image, but rather its discovery and release. But here again we come up against an apparent contradiction, for this show, small as it is, is fully retrospective, and after the war we find Moore turning increasingly from carving to model-



Work on a very human scale: Henry Moore's 'Warrior' (1953-54)

I hesitate to call them maquettes or working studies. To see these beautiful plasterers in the company of those familiar early carvings - all comparatively small and some tiny - is to know that they too are true works of art. But more than that, to see them now in the knowledge of the larger and more familiar bronzes and editions to which they led, is to know at last, obvious as it is, which came first. As with the drawings and the carvings, it is to know which carries the artist's true touch, which the subtler and more particular expression, the *l'expression premiere* indeed of the exhibition's own title.

The bronzes have their place, of course, wonderful and substantial monuments that they are, but not here. What we do have here, as we have not had with Henry Moore, perhaps, since he was a young man, is not the public figure - seen through his public art, but the artist as artist. We have been given back Henry Moore himself. And all of this could hardly have been shown to better advantage than it is at Nantes, in the cool white light of the central court of this handsomely restored museum.

Henry Moore - *l'Expression premiere*: drawings, plaster and direct carvings; Musée des Beaux Arts, Nantes, until September 2, then on to the Kunsthalie, Maastricht. Organized by the Musée des Beaux Arts, the Kunsthalie, the Henry Moore Foundation and the British Council: sponsored by la Banque CIO.

Opera in Monte Carlo The Picture of Dorian Gray

The entrance to the casino is on the left. The main door to the opera-house, a fabulously ornate gem designed by Charles Garnier and seating just over 500, lies straight ahead. If a choice between them is difficult, one can linger in the foyer and watch the paparazzi hoping to catch a princess or fashion-house chief out to play for the night.

Going to the opera in Monte-Carlo is not like anywhere else. Exclusivity is at a premium, when the audience must be one of the wealthiest in the world and the theatre one of the smallest (one size down even from the old Glyndebourne). It would be easy in the circumstances for the Opéra de Monte-Carlo to settle into an easy routine of safe and stale seasons, but that would be to deny its reputation as a company energetic in encouraging new operas since its inception in 1879.

The tally of premieres is long and prestigious. Fauré's *Pénélope* and Puccini's *La rondine*, Ravel's *L'Erfaux et les sortilèges* and Massenet's *Don Quichotte* are among more than 60 operas to have had their premieres in Monte-Carlo, not to mention the first French productions of operas by Richard Strauss and revivals of Baroque works. It is an auspicious list, to which the latest addition was made last week - the premiere of Lowell Liebermann's *The Picture of Dorian Gray*.

For the gala performance on Friday the jennesse dorée of the principality were out in force, but any worries that the opera might prove to be an uncomfortably critical portrait of their lifestyle were largely unfounded. Liebermann says he fell under the spell of Wilde's novel at the age of 13 (a teacher, being told that it was his favourite book, sniffed "I certainly hope not") and his own adaptation is the kind that respectfully follows the text to the letter, while losing most of its spirit.

As Wilde might have put it, the honest story-teller misses nothing but the truth. In setting up the contrast between Dorian Gray and his alter ego, the portrait, Wilde is able to expound on various philosophical and moral opposites - the innocent and the corrupt, the real and the illusory, the eternal and the changeable. Liebermann, understandably feeling that this would be difficult material for an opera, reduces the philosophizing to an unintelligible trio near the start and quickly passes on.

What is left is straight narrative, which the composer has adapted quite effectively for the lyric stage. It is, after all, a good short story with operatic parallels in the Faustian pact of Gouond's opera and the rake's progress of Stravinsky's. Using mostly Wilde's own words, Liebermann paces his opera judiciously and gets up a decent head of steam in the second half, where events rather than thoughts start to drive the plot. But it is all so cautious. There is no sense of living on the brink. No moral outrage.

In the same way the music is content to accompany the story, rather than seeking to express its unspeakable thoughts through a language without words. Liebermann is at his best in the traditional craft of writing a sweet love duet or catching the atmospheric chill of the attic where the portrait lurks in the darkness (a mysterious celesta, as in Britten's *Turn of the Screw*, comes in handy). His style is easy-to-absorb modern romantic and the Orchestre Philharmonique de Monte-Carlo under Steuwart Bedford came across well in it.

Indeed, the production as a whole did the opera proud. John Cox organized the many scene changes expertly and arranged a real *coup de théâtre* at the end, when the monstrous portrait magically reverts to its original beauteous self.

As the human incarnation of that vision, Jeffrey Lentz always looked the part and sometimes sounded it, though his stamina and range were severely tested. Korliss Uecker was an appealing Sibly Vane. Gregory Reinhart sang Basil Hallward with unwavering certitude and John Hancock delivered Lord Henry Wotton's *bon mots* with vocal grandeur. Somehow, though, aphorisms accompanied by surging Hollywood-style strings just do not sound the same.

Those who remember Iain Hamilton's adaptations of books and plays (*The Royal Hunt of the Sun* and *Anna Karenina*) at English National Opera in the 1970s will recognise the continuation of the formula in Liebermann's *Dorian Gray* - the well-made opera, well intended, playing it safe and sound. "Those who go beneath the surface do so at their peril", declared Wilde with foresight in the preface to his book. Quite so.

Richard Fairman

INTERNATIONAL ARTS GUIDE

AMSTERDAM
EXHIBITION
De Nieuwe Kerk
Tel: 31-20-6268168
● World Press Photo: exhibition showing the work of the American photographers and prizewinner Lucian Perkins and other selected press photos; to Jun 9

BERLIN
CONCERT
Philharmonie & Kammermusiksaal
Tel: 49-30-2614383
● Berliner Barock-Orchester: with conductor Konrad Latta and violinist Anja Weithaus perform works by Vivaldi and Handel; 8pm; May 17
EXHIBITION
Bröhan-Museum
Tel: 49-30-3214029
● Wasserwellen. Das Motiv des Wassers in der Kunst des Jugendstils: exhibition devoted to water as a source of inspiration for the artists of the Art Nouveau movement. The display includes paintings, porcelain, and works in metal and glass; to Sep 15

BONN
DANCE
Oper der Stadt Bonn
Tel: 49-228-7281
● Ein Sommernachtstraum: a choreography by Yui Vámos to music by Mendelssohn, performed by the Ballett Bonn; 7pm; May 16, 19

BRUSSELS
THEATRE
Koninklijke Visamse Schouwburg
Tel: 32-2-2194944
● De Keizer van het Verlies: by Jan Fabre. Directed by Jan Fabre and performed by Dirk Roofthooft; 8pm; to May 16

CARDIFF
CONCERT
St. Davids Hall Tel: 44-1222-878444
● The BBC National Orchestra of Wales: with conductor Mark Wigglesworth and soprano Lucy Shelton perform works by Webern, Berg and Schoenberg; 1.05pm; May 16

COLOGNE
OPERA
Opernhaus Tel: 49-221-2218240
● Die Zauberflöte: by Mozart. Conducted by Georg Fischer and

performed by the Oper Köln. Soloists include Dieter Schweikart, Rainer Trout, Martina Riping and Inke Martinz; 7.30pm; May 15

COPENHAGEN
JAZZ & BLUES
Copenhagen Jazzhouse
Tel: 45-33 15 28 00
● James Moody & The Glandemann Orchestra: perform jazz music; 8.30pm; May 16

EDINBURGH
AUCTION
Phillips Edinburgh
Tel: 44-131-2252266
● Scottish Books and Burns Memorabilia: included in this sale are the remaining books from the library of the Rt. Hon The Lord Borthwick; 11am; May 15

HAMBURG
EXHIBITION
Hamburger Kunsthalle
Tel: 49-40-24882612
● Egon Schiele. Sammlung Leopold Wien: exhibition of works by Egon Schiele (1890-1918) from the Austrian Leopold Collection. The display also affords insight into the artist's work as a draughtsman; to Jun 16

LEIPZIG
OPERA
Oper Leipzig Tel: 49-341-1261261
● Il Barbiere di Siviglia: by Rossini. Conducted by Krüger and performed by the Oper Leipzig and the Gewandhausorchester. Soloists include Halx, Sawalej, Scholtz,

Helmann and Fliemer; 8.30pm; May 15

LONDON
CONCERT
Queen Elizabeth Hall
Tel: 44-171-9604242
● The Bournemouth Sinfonietta: with conductor Roy Laughlin and young professional singers on the present National Opera Studio course perform excerpts from Puccini's *Tosca*, Bizet's *Les Pêcheurs de Perles* and Stravinsky's *The Rake's Progress*; 7pm; May 15
St. John's, Smith Square
Tel: 44-171-2221061
● Tom Krause: accompanied by pianist Graham Johnson. The baritone performs songs by Schubert, R. Strauss, Sibelius and Mussorgsky; 7.30pm; May 15
OPERA
London Coliseum
Tel: 44-171-9360111
● *Adriante*: by Handel. Conducted by Nor Bolton and performed by the English National Opera. Soloists include Ann Murray, Joan Rodgers and Christopher Robson; 7pm; May 15, 17
THEATRE
The PR Tel: 44-171-6388891
● The Painter of Dishonour: by Calderon, in a new version by Boswell and Johnston. Directed by Laurence Boswell and performed by the Royal Shakespeare Company; 7.15pm; May 21; 7pm; May 18, 23 also 2pm; from May 15 to May 23 (not Sun)

LOS ANGELES
EXHIBITION
Norton Simon Museum of Art

Tel: 1-818-449-6840
● The New Wave: Bonnard, Toulouse-Lautrec and Vuillard and the French Color Print: exhibition of 35 color lithographs by the 19th-century avant-garde painters/printmakers Pierre Bonnard, Henri Toulouse-Lautrec and Edouard Vuillard; to Jul 21
THEATRE
Ahmanson Theater
Tel: 1-213-972-0700
● An Inspector Calls: by J.B. Priestley. Directed by Stephen Daldry and performed by The Royal National Theatre; Tue - Sat 8pm Sun 2pm, Sat also 2pm; from May 15 to Jun 30 (not Mon)

NEW YORK
CONCERT
The Metropolitan Museum of Art
Tel: 1-212-879-5500
● Juillard String Quartet: perform string quartets by Beethoven; 8pm; May 17

NICE
OPERA
Opéra de Nice Tel: 33-92 17 40 00
● *Armide*: by Gluck. Conducted by Marc Minkowski and performed by the Opéra de Nice. Soloists include Sophie Marin Dupuy, Mirielle Dolenz, Jean Delcroix and Laurent Nauré; 8pm; May 15, 17, 19 (2.30pm); 21

PARIS
EXHIBITION
Musée Carnavalet
Tel: 33-1 42 72 21 13
● Georg Aerni - Panoramas parisiens: exhibition of a series of

panoramic views of Paris by the Swiss photographer Georg Aerni; from May 15 to Sep 29

OPERA
Théâtre de l'Opéra Comique
Tel: 33-1 42 44 45 46
● *L'Éclair d'Amore*: by Donizetti. Conducted by Antonello Allemandi and performed by the Opéra Comique. Soloists include Youngok Shin, Raúl Giménez and Peter Saviège; 7.30pm; May 15, 17, 19 (4pm), 21

STOCKHOLM
OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● Die Fledermaus: by J. Strauss. Conducted by Kjell Ingebreten and performed by the Royal Swedish Opera. Soloists include Gunnar Lundberg, Ragnar Ulfung, Hilde Leikland and Britt Marie Aruhn; 7.30pm; May 15

ZURICH
CONCERT
Tonhalle Tel: 41-1-2063434
● Tonhalle-Orchester: with conductor David Zinman and pianist Christian Zacharias perform works by J.C.H. Bach, Mozart, Stravinsky and F. Strauss; 7.30pm; May 15

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Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

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FINANCIAL TIMES

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Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Tuesday May 14 1996

An Indian conundrum

The remarkable process of voting in the world's largest democracy is over, and the painful period of bargaining over a new government has only just begun. India's voters have yet again disproved the sceptics who never believed that democracy would survive there for 15, let alone almost 50 years of independence, and through 11 largely free and fair multi-party elections. But the latest exercise has produced an electoral conundrum which is likely to prove extraordinarily difficult to resolve, by denying any one party, or combination of relatively like-minded parties, a clear majority.

The election represents a sea-change in Indian politics. It is difficult to see the weary Congress party, which has ruled the country for all but four years in the last 49, retaining its strength as a unifying force at the centre of national politics. The clearest message of the voters was their rejection of their traditional rulers, whose support slumped to barely 30 per cent. As a result, the country has entered an era of weak coalition politics at the national level with increasing power devolving in practice to the states.

This need not itself be worrying to the business and international communities. At the state level there is much more support for foreign direct investment, and for the economic deregulation that facilitates it, than there has been traditionally at national level. But a weak coalition government in Delhi might well retreat from the economic reforms launched over the past four years by Mr Manmohan Singh, the finance minister, and be tempted to relax control over the fiscal deficit in order to pacify the demands of all its partners. That would be much more serious.

Foreign investment

The business community is inclined to favour the free-market policies of the Hindu nationalist Bharatiya Janata Party (BJP), in spite of its hostility to foreign investment in the consumer goods sector (but not to high technology and infrastructure). It has emerged as the largest single party, but it lacks the clear political and most disciplined leadership.

Turning up the heat on gas

It was inevitable that British Gas would clash with its regulator Ofgas over the latest proposals for controls on gas prices. It is almost inevitable that the row will now go to the Monopolies and Mergers Commission. Most of Ofgas's reasoning is sensible, whether the MMC is involved or not, price curbs on the lines proposed seem justified. But British Gas's protests are warranted in one respect: the power of a single individual to determine an entire industry's fortunes provokes widespread unease. It is a reminder that a review of the utility regulators' role is needed.

The curbs which Ofgas wants to impose on TransCo, British Gas's monopoly pipeline business, would cut domestic prices by an annual 10 per cent, or about £30. That is a tough stance, those who like to say that utility shareholders fare too well should note that British Gas shares have underperformed the FT-SE All-Share Index by 26 per cent since the 1986 flotation.

Ofgas's position is justified. It is right to recommend a higher ratio of debt to equity than that suggested by British Gas. It is sensible, too, to arrive at a real, pre-tax cost of capital of between 6.5 per cent and 7 per cent, lower than British Gas wanted. In doing so, it has thoughtfully weighed up the principles used in other utilities.

But there is one central point at which its reasoning looks muddled: the definition of the asset values on which it calculates the overall return. Ofgas says that, in principle, it would like to use the stock-market value at privatisation, adding on investment since that date, the method used in water regulation. But it rejects this in favour of the market value in 1991, as suggested by the MMC in its 1993 review. This basis is more generous to British Gas, but Ofgas says it is necessary because "market conditions have changed appreciably" since privatisation.

Valuation basis

This is very odd. True, any basis for selecting an asset value is arbitrary and problematic. The historic cost of the assets may bear no relation to the earnings they can generate, while using market

and it would be most likely to press through reform of the country's inefficient public sector.

On the other hand, the BJP represents a radical departure from the secular tradition of India's democracy, and it contains extremist elements which could too easily inflame inter-communal strife with the Moslem community. It is likely to be more hostile towards Pakistan, even to the extent of developing a nuclear option. That is an ominous threat. The BJP may be hard pressed to put together a majority in parliament with mistrusting secular partners.

The most likely outcome of the present negotiations would appear to be a fractious left-wing coalition, led by the National Front-Left Front alliance, and enjoying the tacit support of the Congress party. But they remain divided among themselves, and their policies are unclear.

Budget deficit

Most members of the NFRF represent the poor and dispossessed in Indian society. Although its members have proved pragmatic in power in the states - such as West Bengal - such a coalition would severely test the assumption that the current economic reforms enjoy a broad national consensus. It would rapidly come under pressure to increase public spending and transfers to the states and to the rural poor. This would make it extremely difficult to get to grips with India's large budget deficit, probably the most pressing of its economic problems. The Congress party failed to meet its targets in this respect. The chances of a coalition doing any better are small, but it must try because the level of government borrowing is unsustainable.

It is clear that no likely outcome is ideal in the struggle to govern a country as complex as India. The most stable solution might be a BJP-led coalition in which the party was severely constrained by secular partners. But few expect any solution to be long-lasting, India is going through a period of transition towards a more federal, less centralised structure. It is a painful process, but ultimately a healthy one.

It is clear that no likely outcome is ideal in the struggle to govern a country as complex as India. The most stable solution might be a BJP-led coalition in which the party was severely constrained by secular partners. But few expect any solution to be long-lasting, India is going through a period of transition towards a more federal, less centralised structure. It is a painful process, but ultimately a healthy one.

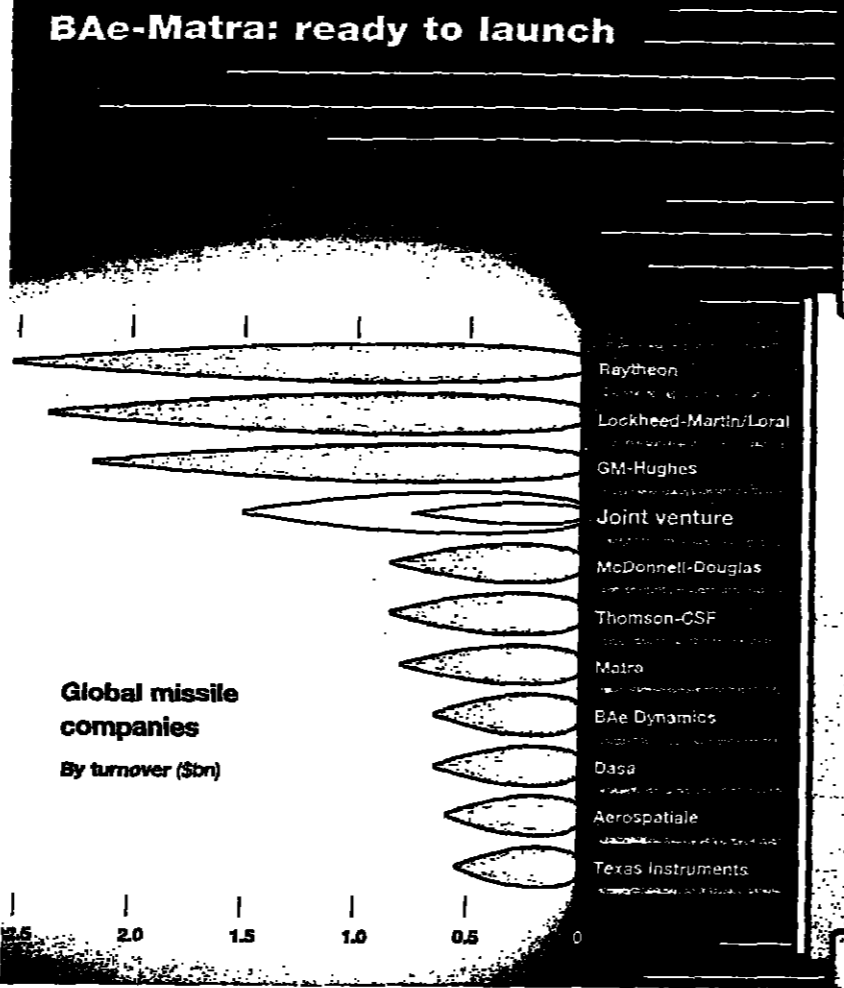
Independent regulation

First, the value of having regulators who are robustly independent of the government is clearer than ever. TransCo says the proposals threaten the jobs of half its 20,000 employees. That may perhaps be true, but such threats emphasise why pricing reviews are controversial, and show why they should be kept out of politicians' hands. Ministers can easily ignore the fact that cuts in gas prices will help many businesses throughout the UK and eventually yield more jobs.

However, the power of the regulator displayed in this review leaves an unpleasant aftertaste, as do many decisions by other regulators. Review by the MMC is an important check on that individual's power, but regulatory decisions are still likely to vary between industries and over time. That unpredictability, together with the arbitrariness of some reasoning, gives regulators a hard job of establishing legitimacy in the eyes of the public and business.

The answer does not lie in ditching the present regulatory framework. In most utilities, it is well on the way to delivering dramatic reductions in price, which will help its reputation. However, employing regulatory panels for each utility, rather than a single individual, would help reduce the pressure on that person. Such panels should work to common principles on issues such as return on capital, to reduce inconsistency and anomalies between industries.

Regulation is delivering sizeable benefits to utility consumers. But its dependence on a few individuals prevents it being popular, and may in the end jeopardise those gains. Those shortcomings now need urgent correction.



An elusive moving target

Consolidation in the European defence industry is still some way off, in spite of yesterday's Anglo-French missile merger, says Bernard Gray

Issuing threats is a delicate art, as those involved in negotiating the merger of the missile businesses of British Aerospace and Matra, the defence arm of the French conglomerate Lagardere, have been discovering. Apply too little pressure and the target is not intimidated; too much and it starts to fight back.

The threat in this case is the refusal of the French government to sanction the union of Matra and BAE unless the UK agrees to award the new joint company a £650m cruise missile contract.

In response the UK Ministry of Defence, more used to threatening others than being threatened itself, reacted badly and chose to fight back against this French suggestion. It rejected out of hand the idea of abandoning its competition to select the weapon and said it would award the contract on merit alone.

The deadlock over the joint venture seemed finally to have been broken yesterday with the announcement that the two companies have agreed commercial terms to merge their missile businesses, with no mention made of cruise missiles. BAE and Matra have also agreed to work as a team on a bid to buy part or all of Thomson, the defence and consumer electronics company, from the French government.

The integration of the European defence industry finally appears to be gathering pace.

Appearance is, however, neater than reality. In practice, consummating the BAE-Matra missile joint venture remains dependent on approval from the French and British governments. It was unclear yesterday whether French approval for the merger would be forthcoming if Britain decided to place its cruise missile contract with another manufacturer.

The announcement that the two companies would co-operate over Thomson was also vaguely worded,

and less than a full bid for Thomson. Early indications suggested that while the Lagardere Group, Matra's parent, would try to assemble a consortium to buy the whole of Thomson, it was still some way from achieving that aim. BAE, by contrast, seems mainly to be interested in picking off some of the more attractive parts of Thomson's defence business.

And despite yesterday's announcements, the intentions of the French government for its defence industry remain shrouded in mystery. In public it argued fervently for rationalisation across Europe, but its actions seem more concerned with preserving France's defence status than producing effective consolidation.

While the rationalisation of the European defence industry remains elusive, there are at least hints of a possible way forward in yesterday's announcements.

Britain is due to make its decision on which cruise missile to buy in July. Competition has been fierce, with two strong US contenders offered by the defence companies McDonnell Douglas and Hughes, and two strong European bids, one from BAE-Matra and another from Daimler-Benz Aerospace, the German group.

The BAE-Matra missile received a favourable technical write-up from the Ministry of Defence, but is expensive compared with its US competitors which use "off the shelf" technology developed for existing US weapons. The team has also suffered from the unwise French threats last year.

Nevertheless, there is a strong feeling within the defence ministry that if the BAE-Matra team can produce a proposition which is roughly competitive on specification and cost, it is likely to win the contract. Earlier this year, internal ministry documents backed the consolidation of the defence industry in Europe.

Ministers are also aware that the UK needs to demonstrate its commitment to the European industry after several recent high-profile procurement decisions to buy American. If the joint venture goes ahead, it would create the largest European missile group measured by turnover, not far behind the three US giants, Raytheon, Lockheed Martin-Loral and Hughes. The two companies have complementary product ranges, with BAE currently developing a short-range and Matra a medium-range air-to-air missile, for example. There are similar matches in other missile categories.

The complementary nature of the two companies' air-to-air missile operations could help Matra-BAE form a nucleus around which the rest of the European missile industry could coalesce.

Matra's products are standard issue on French fighters and other European aircraft, such as Tornados. Future weapons will have to be compatible with either aircraft type if they are to sell well, and other European manufacturers may regard folding their interests into the Matra-BAE grouping as the best way to exploit the opportunities.

This might apply, for example, to the members of the consortium formed to develop a missile as the principal weapon for the new fourth-generation Eurofighter, and which could be fitted to the French Rafale and the Swedish Gripen. Members of the consortium include General Electric Company from the UK, Daimler-Benz Aerospace, Alenia of Italy and Saab of Sweden as well as Matra and BAE.

The two companies' wider ambitions to get their hands on part or all of Thomson are less well defined. The French government has said it wishes to privatise

Thomson as a whole, with its loss-making consumer electronics and multi-media business still attached to Thomson-CSF, the profitable defence electronics operation.

The government has been negotiating with Alcatel, the electronics and telecoms giant, and the Lagardere publishing and defence group over who might buy Thomson as a whole. Unlike Alcatel, Lagardere lacks the financial muscle to take on Thomson single-handedly, hence the announcement of a consortium to include BAE.

Nevertheless, it is not clear that the Lagardere grouping can muster the muscle for a full bid. And even if the group can gather the resources, early indications seem to suggest that the French government favours Alcatel as a buyer.

Canny observers, such as GEC which has business links to both groups, appear to be staying interested but strictly neutral until the government decides in principle to which team it wishes to sell Thomson. Only then will serious negotiations begin over the future shape of the French defence electronics industry.

Despite the protestations of the French government, Thomson's civil electronics businesses seem likely to find their way into another civil company. France could then attempt to mimic the defence consolidation in the US and bring together Thomson's defence electronics business with the fighter operations of Dassault, the French fighter aircraft company. The missiles, helicopters and space business could be brought together with those of Aerospatiale, under the aegis of Alcatel. It would then have created a smaller national version of the huge Lockheed Martin-Loral operation in the US.

Alternatively, France could seek international partners for the businesses, with a joint venture pooling all of GEC-Marconi's defence

operations with those of Thomson-CSF - a natural fit. Perhaps, less probably, it could decide to break up Thomson-CSF, selling the missile operations to the Matra-BAE joint venture, for example.

Since none of the companies vying for position knows what the outcome will be, each is attempting to keep its options open by expressing an interest in every possible opportunity. Most European industrialists are keenly aware that it was those US companies which struck deals to buy other defence companies early which had the upper hand when it came to further consolidation. None wants to be left behind in Europe.

Yet those international companies need to move in on French companies should look carefully at the announcements on the future of the industry made by President Chirac in March. Negotiations between GEC and Thomson about a defence joint venture were well advanced when the government decided to privatise Thomson as a whole instead. The decision to merge military aircraft maker Dassault with Airbus-maker Aerospatiale also seemed to owe more to a French love of scale, rather than the colder logic of eliminating duplicated capacity in the UK, France and Germany.

In those few joint ventures so far negotiated with French companies, France has shown a remarkable reluctance to strike a deal unless it feels it has the upper hand. In the GEC-Matra space business and GEC-Thomson sonar operations, for example, the French have technical, if not absolute, control.

That desire may lead France to construct a national champion while publicly espousing European integration and defence. If it does so, European rationalisation will be delayed, more difficult and more expensive than it need be. It will also almost certainly be too late.

. OBSERVER .

Let Rome in Tiber melt

Many horrified Romans are already making plans to vacate their city during the year 2000, when an estimated 40m visitors are expected to deck the town in wreaths of piety, celebrating the founding of Christianity. Those that stay out might regret it, if the Polish-British architect Cezary Bednarski, currently holder of a scholarship at the British School in Rome, gets his way.

Bednarski has a thing about bridges, having created an award-winning design for a pedestrian walkway over the river Thames in London. He is also now involved in a project for an aluminium sculpture bridge for Liverpool's Albert Dock. He recently explained to an audience at Rome University's architecture faculty how his concept of "inhabited bridges" (similar to Florence's Ponte Vecchio) could come in useful for the festivities in 2000.

His notion is the building of 20 temporary bridges across the Tiber, from Monte Testaccio in the south of Rome to the Olympic stadium in the north. The bridges would ease pressure on accommodation by each offering 100 high-tech modular rooms, with spectacular views of the city. The bridges would all be painted different colours (he suggests

pink, blues and yellows) and would be separately leased.

Presumably they could go on roving exhibition around the world. Or just be smashed up and melted down, who knows?

Capital idea

Someone, at least, thinks Frankfurt is bursting with young expatriates who lead a "terrifyingly active" life after working hours.

His name is Chris Hamley, and he's launching *Rhein-Main News*, a weekly magazine designed to relay local news, events and gossip to English-speaking readers holed-up in Germany's financial capital.

"We are going to provoke but not offend," says Hamley, who intends the mag to be livelier than those in Luxembourg and Brussels, on which it is broadly based.

Hamley reckons there are 50,000 people living in the Rhein-Main area who use English as their language of "first choice". Aside from the Brits and the Americans, there are apparently significant numbers of Irish, Scandinavians, Indians, Pakistanis and Sri Lankans - ready, or not, to rock.

A former advertising executive with Saatchi & Saatchi in Germany, Hamley hopes *Rhein-Main News* will appeal to Germans, too, especially those who want to improve their English or "don't have time for thick and

sludgy German newspapers".

The cover story of the first issue - departing alarmingly from its otherwise upbeat advertising script - shows a young man gazing wistfully at the Rhine, with the headline: "Desperately seeking someone. The truth about Frankfurt's singles".

Gowrie's gifts

A change of tack for Britain's Lord Gowrie, who had been squirrelling away the non-executive directorships since he moved two years ago from the chairmanship of Sotheby's Europe to his unpaid post as chairman of the UK's Arts Council.

Yesterday he cashed in his chips at Ladbrokes and left the board, to which he has belonged since July 1993. He loved the company, he assured shareholders at the annual meeting in the glittering ballroom of the London Hilton, but was acutely aware that the National Lottery had proved more attractive to many punters than Ladbrokes' bookies and casinos. The Arts Council, of course, mops up its share of lottery kolly.

It was not so much a clash of interests as a clash of perception, he said. The lottery, he was convinced, would ultimately extend the market in "fluttering". Meanwhile, Gowrie can quit worrying about the Ladbrokes share price - which has underperformed the All-Share index by an

unhealthy 53.5 per cent since the summer of 1993.

Off a duck's back

In South Africa tonight, Pello Jordan may be cracking open a bottle or two. He may even drink a toast to F.W. de Klerk, for making some space in Mandela's cabinet. At the end of March the sharp-minded Jordan was dumped from his key portfolio of post and telecommunications, in a move that some insiders at the time regarded as a slapped wrist for having dared to criticise - albeit *sotto voce* - the great man and his deputy, Thabo Mbeki.

But clearly Jordan has his supporters. For yesterday, in the wake of the Nats' deflection, he popped up again - as minister of the environment. So plenty of chance to continue pouring cold water over the festivities...

Ballot-box bonuses

As India's main parties scramble to form a coalition with independents, the gossip in New Delhi is that the purchase price of a "floating MP" prepared to "help" a party to form government amounts to the equivalent of some £1m. It does not stop there. The word is that there are some meaty bonuses for those floaters bringing others along with them. Roll out the (pork) barrel.

Financial Times

100 years ago

The Sicilian sulphur industry
One of the chief questions now engaging the attention of the Cabinet is that of the amelioration of the sulphur industry of Sicily, which is in a very depressed condition owing to the competition of pyrites for the production of sulphuric acid, and the fact of the supply now largely exceeding the demand, not to mention the threatening rivalry of Japanese sulphur. The price has fallen from 140 lire to 80 lire a ton. It is now proposed to abolish the export duty of 20 per cent, which formerly yielded an annual revenue of 3,400,000 lire.

50 years ago

Mexican Railway Co. sold
New York, 18th May: The British-owned Mexican Railway Company which operates between Mexico City and Vera Cruz has been sold to National Railways of Mexico according to a dispatch from Mexico City. Although the terms have not been announced, it is understood that a cash payment by Mexico and delivery by the British management will take place this week. Mexico is to pay the British an estimated amount of 48,000,000 pesos (approximately £2,450,000 at current rates), which is said to represent about one-fourth of what the construction of the line cost.

